City of Stockton - Audit Findings Tracking Report
Last Updated: 03-20-15

Reports	Total Findings	Validated Findings (By Moss Adams)	Findings Tracking (Open but not Validated)	Completed (By City)	Reportable Findings (Updated or Completed since Previous Audit Committee)
2011 Memorandum of Internal Control for CAFR (MOIC11)	38	14	24	26	3
2011 Single Audit (SA11)	5	3	2	4	0
2010 Single Audit (SA10)	8	5	3	7	1
2010 Report to Management (RMIC10)	3	0	3	0	1
Internal Audit	36	6	30	15	5
2002 Performance Audit - Administrative Directives (IA-AD)	1	0	1	0	1
2007 Internal Control Evaluation - Stockton Events Center (IA-SEC)	1	0	1	1	0
2008 Performance Audit - Library Fines and Fees (IA-LIB)	1	0	1	1	0
2010 Compliance Audit - Election Costs (IA-EC)	1	1	0	1	0
2010 Performance Audit - Fire Department Overtime Processing System (IA-FP)	2	1	1	1	0
2012 Compliance Audit-ARRA Update (IA-ARRA)	4	0	4	3	1
2012 Compliance Audit: Disbursements – Payment Authority (IA-PA)	10	1	9	2	0
2012 Compliance Audit: Disbursements – Purchase Cards (IA-PC)	5	1	4	1	0
2005 Performance Audit: City Clerk (IA-CC)	1	0	1	0	0
2012 Performance Audit: Police Property Room (IA-PP)	3	2	1	3	0
2012 Performance Audit: Fleet Utilization and Management (IA-FUM)	7	0	7	2	3
2011 City of Stockton's Gas Tax Audit (SCOGT11)	3	3	0	3	0
2011 City of Stockton's Administrative and Accounting Controls Review (SCOIC11)	8	2	6	5	2
2011 City of Stockton's Redevelopment Agency Asset Transfer Review (SCORA11)	2	2	0	2	0
2014 City of Stockton's Crime Statistics Report for the Department of Justice Program (SCOCS14)	1	0	1	1	0
2012-2013 San Joaquin County Grand Jury Report, Case No. 0112 (SCGJ-112)	22	3	19	15	4
2012-2013 San Joaquin County Grand Jury Report, Case No. 0312 (SCGJ-312)	2	0	2	1	0
2012-2013 San Joaquin County Grand Jury Report, Case No. 0912 (SCGJ-912)	4	4	0	4	0
2012-2013 San Joaquin County Grand Jury Report, Case No. 1112 (SCGJ-1112)	1	0	1	0	1
2012-2013 San Joaquin County Grand Jury Report, Law and Justice Report (SCGJ-LAW)	1	0	1	0	1
2013-2014 San Joaquin County Grand Jury Report, Stockton City Council and The Brown Act (SCGJ-BRN)	14	0	14	12	1
2013-2014 San Joaquin County Grand Jury Report, Case No. 1613 (SCGJ-1613)	2	0	2	2	0
2013 Internal Controls Review (MA-ICR)	70	6	64	28	25
2014 Internal Audit of Revenue and Cash Operations (MA-REV)	18	0	18	6	5
2014 Internal Audit of IT General Controls (MA-IT)	20	0	20	3	15
2014 Internal Audit of Payroll Operations (MA-PAY)	12	0	12	6	9
2014 Internal Audit of Accounts Payable and Procurement Internal Controls (MA-AP/PUR)	10	0	10	1	5
2012 SAS 115 - Internal Controls Identified in an Audit (12 SAS115)	11	0	11	4	8
2012 Single Audit Report (SA12)	6	2	4	5	1
2013 SAS 115 - Internal Controls Identified in an Audit (13 SAS115)	9	0	9	4	9
2013 Single Audit Report (SA13)	3	2	1	2	1
2012 Independent Accountant's Report on RDA Dissolution - Agreed Upon Procedures Engagement (RDA-AUP)	5	4	1	5	0
Total	314	56	258	161	97

Legend:
 Reports = report name
 Total Findings = number of findings in the report
 Validated Findings = number of findings validated by Moss Adams as completed and adequately addresses the finding
 Findings Tracking = number of open findings yet to be validated
 Completed Findings = number of findings completed by the City
 Reportable Findings= Updated Comments and New Completion

Item No.	Finding No.	Report Code	Report Date	Auditing Entity Code	Finding	Recommendation	Responsible Department	City's Remediation Plan (Course of Action & Expected Benefits)	Finding corrected? (Y, N, Partial)	Expected Completion Date	Actual Completion Date	City's Status Comments	Risk Category
2	2004-01	IA-EC	09/09/10	City	There are not standard cost allocation methods for election services to serve as criteria for verifying charges.	Election contracts should include a framework for how costs are to be allocated to the City. Contracts should also specify that along with the billing invoice, there should be written communication of the allocation methodology used to compute the City's portion of election services. The City should work with the County Registrar and County Auditor-Controller to develop new terms for future election contracts. The City Clerk should consult with other City staff, as appropriate, for assistance.	City Clerk	The City Clerk will meet further with the City Auditor to discuss and develop acceptable framework language before the end of 2010. This language will be provided to the County after the first of 2011, which takes into consideration time for the County Registrar's Office to complete the canvass of the votes for the November 2010 General Election and the holiday season. Once presented, the County Auditor-Controller and Registrar of Voters Office can in turn give us their feedback. Once all parties agree to the language, the contract framework language will be finalized no later than June 2011, which is long before the timeline for executing the contract for the consolidation of the 2012 elections.	Yes	12/31/2012	1/2/2013	Contract language was added to the agreement the City has with the County calling for a Consolidated Election asking for the County to provide a billing spreadsheet. The total cost of the elections are divided up by the County Registrar and districts are charged a percentage, based on the following variables: number of districts participating throughout the county, number of registered voters, how many items appear on the ballot, and the number of precincts. The County also has been providing documentation (spreadsheet) with the cost broken down and showing what percentage the City is responsible for.	A
5	2008-03	IA-PC	02/17/12	City	Approvers are not trained on purchase card policies and procedures.	The Purchasing Division should provide training to all assigned approvers, and document completion of each approver's training.	ASD - Purchasing	The following corrective action plan identifies steps to comply with the established policy: 1) Purchasing will prepare and schedule a training session for existing primary and secondary approvers. Outreach and training will be conducted. 2) Mandatory training will be required of new approver assignments. 3) Purchasing will continue to document all training provided to cardholders and their approvers.	Yes	6/30/2012	12/31/2012	Complete – All cardholders completed training and received a new procedures manual upon the conversion of the PCard program from Wells Fargo bank to American Express in Fall 2012. New cardholder orders receive the same training prior to issuance of the cards.	N
10	331-04	IA-FP	09/08/10	City	Limited staff trained to perform Fire payroll data entry with no backup	Proceed with management's current plans to study and, if feasible, use the City's standard payroll system for complete processing of Fire payroll. As long as the current system remains in place, additional staff should be trained for payroll data entry to ensure process continuity. Written procedures should be drafted to provide guidance on the data entry process. In addition, Administrative Services and Human Resources Departments should be adequately familiar with the process to serve as a data entry training resource, if needed.	ASD	Long-term plan - It was determined that The Innoprise Software has the capability to perform the Fire overtime calculations. The timeline for implementation is currently being assessed. In the interim, the Fire Department will provide payroll data entry documentation to Human Resources and City Information Technology Division staff. Staff of these departments will undertake training with the Fire Department to become familiar with the Fire payroll system.	Yes	7/31/2012	8/30/2012	On June 16, 2012, the Department hired a Supervising Office Assistant to complete payroll entry and supervise support staff. The Program Manager has fully trained on the Fire payroll process and current, Fire Payroll Database. In addition, the Department hired an Office Specialist who began on August 16, 2013, and will be fully trained on Fire payroll. In terms of long-range planning, the Fire Department is in the process of completing an IT Project Charter to request the purchase of Kronos Telestaff and Workforce Central. The software programs are used by several Fire Departments for scheduling and monitoring employee time and attendance. The cost of the new software is approximately $171,000, which is currently funded by IT's Citywide Strategic Tech Plan. The programs will increase efficiency and completely replace the current, Fire Payroll Database.	F
13	2011-2	MOIC11	11/17/12	MAZE	Going Concern And The Auditor's Opinion- Redevelopment Finances	The Successor Agency has limited options under the law which has effectively terminated ongoing redevelopment activity. The focus should now be turned toward debt repayment and where appropriate restructuring.	ASD/EDD	Agency has requested a meet and confer with the State of California to discuss RDA obligations and affect it could have on the General Plan	Yes		11/7/2012	Staff met with the State Department of Finance on November 7, 2012, to discuss the Agency's fiscal situation, and are working with the DOF, County Auditor-Controller, and creditors to ensure obligations are met to the best of the Agency's ability. The Agency will continue to file notices and reports as required, and keep creditors and stakeholders informed. These liabilities are included on the Agency's ROPs and will be on an ongoing basis. Interest is continuing to accrue. Collection continues to remain uncertain and an allowance has been recorded.	E
19	2011-8	MOIC11	11/17/12	MAZE	Marina Debt Reporting

A lack of understanding of the debt agreements caused inaccurate financial reporting and caused the debt and the related asset to be recorded in the wrong fund. | Debt should be recorded by the issuer that is obligated to repay the debt. Reimbursement arrangements should be fully documented and approved by the Board prior to recording debt on the Agency's financial statements. | ASD | Review all debt obligation arrangements to ensure that transactions are recorded in the proper fund for financial statement reporting. | Yes | 12/31/2012 | 12/31/2012 | Complete - Due to the bankruptcy filing, the City now has a solid grasp on all of the debt issuance for all funds and the agreements and how they are recorded in the funds. This was corrected with significant amounts prior period adjustments in the FY 2010-11 CAFR. | O |
| 20 | 2011-9 | MOIC11 | 11/17/12 | MAZE | Receipt Collection Site Operational Audits

The City had not identified this as a high risk area and therefore cash audits were absent. | The City should establish a program to routinely verify whether prudent procedures and controls are in place and operating effectively. The program should include an evaluation of the design of processes and procedures, evaluate segregation of duties and test the operational effectiveness of the procedures and controls. | ASD | New internal auditor firm will perform overall risk assessment of the City, which will include evaluation of controls and procedures of cash collection sites. | Yes | N/A | 10/1/13 | As of October 2013, ASD established best practices to perform a cash count program that includes an evaluation of cash counts' processes and procedures, testing of segregation of duties, and evaluation of the operational effectiveness and training.

ASD has scheduled cash counts of all 39 cash sites/change fund locations. These initial counts will be completed prior the start of December 2013 and a schedule will be created to monitor and review the sites on a consistent basis going forward. To date, ASD staff has completed 10 of the total 39 sites/change fund locations. Once the count is complete ASD drafts a report, to both the department and the CFO, detailing the findings; such as segregation of duties and the operational effectiveness. Nine reports have been drafted and one report fully completed and delivered to the CFO.

ASD has also worked with HR staff to conduct more cash handling classes to ensure all designated City staff has the ability to attend training. One cash handling class was conducted early October 2013 with approximately 20 students. A second class has been scheduled for December to accommodate additional staff.

ASD has also created a cash handling pamphlet that is available to all City staff and contracted employees. This pamphlet covers basic cash handling procedures and can be used as a quick reference guide when needed. | H |
| 23 | 2011-12 | MOIC11 | 11/17/12 | MAZE | The Operational/Internal Audit Program Should Be More Robust

Controls and processes are not receiving operational scrutiny. | We recommend a more robust program testing processes, procedures and controls. | ASD/CM | Issue RFP for outside audit firm to conduct Internal Control and Risk Assessment audit. The results of the audits will be used to determine an audit plan to address the high risk areas needing scrutiny. The goal is to have a contract in place by December 2012. | Yes | N/A | 9/24/2013 | The Risk Assessment and Internal Control Review was completed. The final report was presented to the Audit Committee on 8/19/13. A 3 year contract with Moss Adams LLP was approved by the City Council on 9/24/13 to provide the functions of the City Auditor. The contract will cover FY 2013-14 through FY 2015-16. The Internal Audit Plan was also approved by the City Council on 9/24/13. The Audit Plan will implement the recommendations contained in the Risk Assessment and Internal Control Review completed by Moss Adams LLP. | E |
| 26 | 2011-15 | MOIC11 | 11/17/12 | MAZE | Conformity of Budgetary Reporting in the Financial Statements to the Annual Budget

The City's 2010-11 Annual Budget and year end financial reporting are inconsistent. The General Fund for financial reporting purposes consists of several general ledger funds that are separately budgeted. Expenditure classifications are similar to but not identical between the 2010-11 Annual Budget and budget versus actual statement contained in the annual financial statements. | Reformat the presentations in the 2010-11 Annual Budget and annual financial statements to be consistent such that budgetary compliance or noncompliance is easy to determine. | ASD | Accounting/budget staff will be working more closely to ensure that the differences are identified and the proper schedules are included in the CAFR for FY 2011-12. | Yes | N/A | 10/15/2013 | ASD will prepare the annually the Budget Comparison Schedule from data downloaded from the General Ledger system with summarized account data elements identified. Accounting staff will proof and/or modify those Actual amounts to remove GAAP entries that do not conform to Budgetary Basis reporting. Budget Office will document any variations from the published budget document and confirm current budget totals in the CAFR. | O |

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30	2011-19	MOIC11	11/17/12	MAZE	Accrued Compensated Absences Calculations Prior year calculations did not include provisions for merit pay and longevity which resulted in a restatement of the prior year financial statements. In addition, system reports used as a basis for calculating the liabilities contained program flaws that created mathematical errors in the unused compensated absence hours.	Underlying bargaining unit agreements should be carefully reviewed and provisions for vested benefits should be included in the calculation of accrued compensated absences.	ASD	1) Payroll to provide staff with necessary amounts for Fire Longevity hours and City staff compensatory time. 2) Correct calculation error for programmed report. 3) Correct system generated report for FY 2012-13 financial statements and forward.	Yes	N/A	1) 4/2/2012	Complete	O
31	2011-20	MOIC11	11/17/12	MAZE	Pollution Remediation Liability Calculations Understatement of the liability in prior years.	Sufficient manual reviews should be performed to provide a good check and balance against the possibility of calculation errors.	ASD/EDD	Sufficient manual reviews will be performed to provide a good check and balance against possibility of calculation errors. This will be Successor Agency staff's responsibility going forward.	Yes	N/A	9/30/2013	Complete	O
32	2011-21	MOIC11	11/17/12	MAZE	Check Register Reviews Prior to the hiring of the prior Chief Finance Officer in January 2011, there was no evidence that check registers were being reviewed.	We recommend that staff continue to review the registers and provide evidence that such a review has been completed timely.	ASD	1) Sign off sheet to included evidence of review and authorization 2) Check Registers are reviewed weekly by the Asst. Dir/CFO. Payroll Registers are reviewed bi-weekly.	Yes	N/A	10/31/2012	Complete	H
38	2011-27	MOIC11	11/17/12	MAZE	Redevelopment Rental Property Not Capitalized The City is understating amount reported as capital assets.	The error should be corrected and additional reviews performed to ensure other errors do not exit.	ASD/EDD	Complete a reconciliation of all properties to ensure if properties are for resale or should be capitalized.	Yes	N/A	11/27/2012	Completed	O
40	2011- 29	MOIC11	11/17/12	MAZE	Parking Meters Revenue Collection Process Oversight Because only the third-party vendor is involved in the whole cash collection process without supervision or review, there is an increased risk for misappropriation of cash.	Improve internal control over the parking meter cash collection by accompany the vendor to perform the cash collection on a random basis. Cash collected over time can be analyzed to determine the reasonable range. Request a review of the vendor's internal controls under Statement on Standards for Attestation Engagements 16 (formerly SAS 70).	EDD	1) Develop policies and procedures for parking meter cash collections. 2) Randomly accompany vendor to perform cash collection.	Yes	1) N/A 2) N/A	1) 10/29/208 2) 7/1/2013	Procedures were first revised 4/5/2010 and again on 7/1/2013	H
41	2011-30	MOIC11	11/17/12	MAZE	Permit Center Cash Edit Listings Unable to determine if all revenues that were supposed to be collected, were actually collected.	We recommend that the cashiers carefully produce and attach all necessary documents to deposit batches sent over to the Central Cashier.	ASD/CDD	Meet with staff to review policies and procedures, making updates if necessary, to ensure accurate and complete documentation is provided with daily cash receipts.	Yes	N/A	11/6/2012	Meeting was held in November 2012 to review and reinforce the policies and procedures to ensure complete and accurate documentation. Management continues to monitor the correct application of procedures.	H
42	2011-31	MOIC11	11/17/12	MAZE	Receipt Batches Sent To Central Cashier Not Being Reviewed Weak controls for receipts batches.	We recommend that a Supervisor review and sign all batches before they are remitted to Central Cashier.	ASD/EDD	Implement procedures that require review of cash receipt batches by CPD Supervisor before being forwarded to Central Cashier.	Yes	N/A	10/20/2011	CPD Supervisor reviews and signs all batches before they are remitted to Central Parking.	H
43	2011-32	MOIC11	11/17/12	MAZE	Lack of Independent Void Process The Office Assistant is included in the cashier function and is capable of voiding receipts. Possible misappropriation of assets.	We recommend that a supervisor voids all receipts and attaches a signed voided slip with the daily cash batches remitted to Central Cashier.	ASD/EDD	A cash receipt machine that interfaces with the City's mainframe computer system was installed in Oct 2011, which enabled payment transactions to be recorded real time directly into the City's financial system. This information is incorporated into the review of the CPD's daily cash deposit by ASD staff. Any discrepancies between the void reports are provided to the supervisor in the Central Cashier's office who follows up on them.	Yes	N/A	10/20/2011	CPD does not have the ability to void any receipts. CPD notifies ASD staff by email when a void is needed. ASD responds by email to confirm to CPD once the void is processed.	H
48	2011-37	MOIC11	11/17/12	MAZE	Permanent Funds The City may be misreporting resources that do not meet the permanent fund definition.	Staff should perform a detail analysis of funds included in the financial statements as permanent funds and reclassify those amounts not meeting the above criteria.	ASD	Perform a detail analysis of permanent funds included in the financial statements for appropriate classification in accordance with GASB 34. Funds not meeting the above criteria will be reclassified.	Yes	N/A	10/3/2014	The full analysis of the permanent funds was completed. Funds that were determined to be non-permanent in nature were reclassified.	O
53	SA2011-01	SA11	11/17/2012	MAZE	The City did not accurately account for all federally funded grants throughout the fiscal year due to its current accounting system set-up and polices to account for Federal grant expenditures	The City should implement new policy, procedure and accounting system to ensure that expenditures for all Federal grants are reported accurately on the SEFA.	ASD	1) After new management was hired, City was able to prepare accurate financial reports in accordance with the requirements in OMB Circular A-133. 2) City will provide training to ensure staff has a clear understanding of SEFA reporting requirements for the various grant programs. 3) Management will review and revise its policies and procedures as needed, establish responsibilities and define guidelines for periodic reconciliation of grant expenditures and expenditure monitoring.	Yes	N/A	Various; See comments	1)Accounting staff received training on SEFA Preparation Procedures manual on October 7, 2013. Other department's program analysts will be trained on the same procedures at the November Business Analysts meeting. Staff wrote ASD SEFA Preparation Procedures manual, which establishes responsibilities and provides guidance for accounting staff and for other department staff in grant expenditures reconciliation and SEFA preparation. 2)California DOT requested an update to this finding. A response was issued on 9/10/13 informing DOT that the finding has not been fully resolved and that the City will submit revised procedures for SEFA preparation and periodic grant expenditure reconciliation by 9/19/13. On 10/2/13, the City submitted the finalized procedures to DOT. The City received a response from DOT on October 8, 2013 informing us that they are reporting to the SCO that this finding has been resolved.	O
54	SA2011-02	SA11	11/17/2012	MAZE	City misinterpreted the terms of the grant agreement and did not adhere to its stipulations, which included only drawing down funds for costs it actually incurred and for those which are allowable.	The City should implement policies and procedures to ensure that only allowable costs are charged to the grant based on the terms of grant agreement. Additionally, it must also ensure only actual costs incurred are requested for reimbursement; and that reimbursement request should not be based on budgeted amounts. The City should contact the grantor to resolve any overdrawn reimbursement.	PD	1) Amended Grant Administration Guidelines in to included new procedures to clarity the process for requesting reimbursement and strict adherence to grant terms. 2) Guidelines will also address the process for requesting a grant amendment should the categories not match up properly with the City's compensation plan as in the cause of the 2009 COPS Hiring Recovery Program.	Yes	N/A	1) 12/19/13 2) 12/19/13	On September 16, 2013 the City submitted the response to the granting agency, DOJ, along with supporting documentation which substantiates the revisions to the Grant Administration Guidelines. Additional supporting documentation was provided on 12/6/13 related to the COPS Rehiring grant. The Office of Inspector General informed DOJ that this finding has been officially closed. The approval letter to the City was received on 1/27/14.	M
57	SA2011-05	SA11	11/17/2012	MAZE	Experienced high volume of staff turnover during fiscal year audit.	The City should implement policies to ensure that the information provided in its submitted reports is current, accurate and complete.	EDD	1) Issue discovered as part of an internal audit. New management teams have reviewed & analyzed the Library accounts receivable account balances for collectability & also reconciled the two systems. 2) Allowances for doubtful accounts balances have been established and will be monitored quarterly on a ongoing basis. 3) Quarterly review of the aging report will be completed by Library staff & Accounting. 4) Procedures are in place to evaluate receivable activity to ensure that collection activity is within expectations.	1) Yes 2) Yes	1) N/A 2) N/A	1) 3/6/2013 2) 9/18/2013	1) Staff in the Housing Division inadvertently entered one expenditure amount twice on PR26 report, and still remained within HUD guidelines. This did not affect the Federal Financial Report submitted to HUD each quarter. The PR26 report error did not affect any draw down/reimbursement requests. The revised PR26 Report was submitted to HUD on March 6, 2013. Housing staff worked with the Accounting Division and reconciled the PR26 Report to the SF-272 Federal Financial Report. 2) Housing staff has updated procedures including inserting calculated fields in Excel Spreadsheets to double check accuracy of data entered. A copy of these procedures are on file with both ASD and EDD Departments.	F
61	2010-04	SA10	2/16/11	MGO	Cops funds can only be used to re-hire sworn officers who are scheduled to be laid off and used to hire new officers	Procedures should be designed and control activities implemented to ensure that all expenditures being charged to the COPS Grant program are reviewed, approved and determined to be allowable pursuant to the funding terms and conditions of the COPS program grant award, prior to the request and/or draw down of federal funds. Furthermore, the City should proactively and collaboratively work directly with the funding agency to determine the proper course of action to remedy the noncompliance.	PD	1) Remove questioned costs from the grant and replace with allowable costs. 2) Amend Grant Administrative Guidelines to establish additional internal control procedures. 3) Send response letter to granting agency to obtain approval of correction.	Yes	N/A	1) 12/19/13 2) 12/19/13 3) 12/19/13	On September 16, 2013 the City submitted the response to the granting agency, DOJ, along with supporting documentation which substantiates the revisions to the Grant Administration Guidelines. Additional supporting documentation was provided on 12/6/13 related to the COPS Rehiring grant. The Office of Inspector General informed DOJ that this finding has been officially closed. The approval letter to the City was received on 1/27/14.	M
62	2010-05	SA10	2/16/11	MGO	Based upon discussion and inquiry of program managers responsible for the draw down of federal funds and preparation and submission of quarterly reports, in conjunction with our testing, we noted that cash draw downs and the quarterly reports were not being reviewed and approved by someone independent of the preparation process.	Control activity procedures should be implemented establishing proper segregation of duties between the preparation and approval of the federal cash draw downs and quarterly reports. Segregation of duties should be designed and implemented sufficient to ensure that all federal cash draw downs and reports are independently reviewed and approved to mitigate the risk for potential noncompliance.	PD	1) Amend Grant Administrative Guidelines to establish additional internal control procedures. 2) Send response letter to granting agency to obtain approval of correction.	Yes	N/A	1) 12/19/13 2) 12/19/13	On September 16, 2013 the City submitted the response to the granting agency, DOJ, along with supporting documentation which substantiates the revisions to the Grant Administration Guidelines. Additional supporting documentation was provided on 12/6/13 related to the COPS Rehiring grant. The Office of Inspector General informed DOJ that this finding has been officially closed. The approval letter to the City was received on 1/27/14.	H

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63	2010-06	SA10	2/16/11	MGO	During our testing of City's completion and submission of the SF-425 quarterly report, we noted that the first quarter SF-425 report submitted by the City was rejected due to the use of an incorrect Data Universal Numbering System (DUNS) number. Furthermore, there was no evidence provided for us to determine whether a revised SF- 425 report for the first quarter was corrected and re-submitted.	Control and monitoring activities should be strengthened for identifying and ensuring required reports are accurately prepared and timely submitted as required by program guidelines.	PD	1) First quarter SF-425 was filed with second quarter report. 2) Amend Grant Administrative Guidelines to provide guidance on roles and responsibilities.	Yes	N/A	1) 12/19/13 2) 12/19/13	On September 16, 2013 the City submitted the response to the granting agency, DOJ, along with supporting documentation which substantiates the revisions to the Grant Administration Guidelines. Additional supporting documentation was provided on 12/6/13 related to the COPS Rehiring grant. The Office of Inspector General informed DOJ that this finding has been officially closed. The approval letter to the City was received on 1/27/14.	A
64	2010-07	SA10	2/16/11	MGO	To ensure completeness and accuracy of the information given to SJC to report and to mitigate the risk of errors, another staff person should review independent of the preparation of data.	Procedures should be designed and control activities implemented so that all reports are reviewed and approved by personnel independent of the preparation process that are knowledgeable of the program and the reporting requirements.	PD	Amend Grant Administrative Guidelines to provide guidance on roles and responsibilities.	Yes	N/A	12/19/2013	On September 16, 2013 the City submitted the response to the granting agency, DOJ, along with supporting documentation which substantiates the revisions to the Grant Administration Guidelines. Additional supporting documentation was provided on 12/6/13 related to the COPS Rehiring grant. The Office of Inspector General informed DOJ that this finding has been officially closed. The approval letter to the City was received on 1/27/14.	A
65	2010-08	SA10	2/16/11	MACIAS	As a result of using incorrect federal matching percentages on its invoices to Caltrans the City requested $9,680 less in federal reimbursement.	Management responsible for administration of the Highway Planning and Construction program need to design and implement procedures to ensure that the most up-to-date federal matching percentages, as communicated by Caltrans, are utilized in the preparation of invoices to maximize the City's reimbursable costs and so the City maintains its compliance with federal matching requirements.	PW	Management has taken steps to improve the process to ensure that reimbursement billings ratios are correctly established up front. To memorialize and formalize process statement in "Status/Comments" section of this spreadsheet, a formal procedure is being developed and additional personnel resources are being provided to the Fiscal Section to ensure compliance.	Yes	N/A	4/2/2011	Both cited projects were reconciled per the matching percentages in the most recent finance letters and there was no loss of federal funding. Fiscal staff in PW works closely with engineering staff to prepare requests for authorization (including finance letters) that show available funding sources, amounts and uses. If different ratios apply to different projects project phases, this is so noted. Drafts of these and other funding documents are reviewed and approved by Fiscal Staff before being sent to Caltrans. If additional funding is received after a capital project is already underway, the altered funding agreement and new request for authorization is routed to Fiscal staff for approval and invoicing integration.	A
66	2011-1	SCOGT11	8/5/13	SCO	The City's Gas Tax Fund had negative cash balances at various times during fiscal years FY2004-05 through FY2010-11. The negative cash balances resulted in negative interest allocation to the Gas Tax Fund. Negative interest is not an eligible expenditure per the Streets and Highway Code.	The City should transfer $10,686 into the Gas Tax Fund, and establish procedures to ensure that interest allocations to the Gas Tax Fund are not computed with negative cash balances.	ASD	Disagree. This is a common and acceptable method for accounting for multiple funds that is done by many cities. The City's external auditors agree that this practice is the norm among California cities. No further action.	Yes		N/A	The ASD reported to the Audit Council Committee that no action is required (see Remediation Plan).	O
67	2011-2	SCOGT11	8/5/13	SCO	The City's Traffic Congestion Relief Fund (TCRF) had negative cash balances at various times during fiscal years FY2004-05 through FY2010-11. The negative cash balances resulted in negative interest allocation to the TCRF. Negative interest is not an eligible expenditure per the Streets and Highway Code.	The City should transfer $45,469 into the TCRF and establish procedures to ensure that interest allocations to the TCRF are not computed with negative cash balances.	ASD	Disagree. This is a common and acceptable method for accounting for multiple funds that is done by many cities. The City's external auditors agree that this practice is the norm among California cities. No further action.	Yes		N/A	The ASD reported to the Audit Council Committee that no action is required (see Remediation Plan).	O
68	2011-3	SCOGT11	8/5/13	SCO	The City's Gas Tax Fund was impaired by the General Fund at various times during FY2008-09, FY 2009-10, and FY 2010-11	The City should develop and implement policies and procedures to ensure that it does not impair other funds' cash, especially the restricted funds, for general operating costs. The City must establish a separate bank account for the Gas Tax Fund.	ASD	Disagree. This is a common and acceptable method for accounting for multiple funds that is done by many cities. The City's external auditors agree that this practice is the norm among California cities. No further action.	Yes		N/A	The ASD reported to the Audit Council Committee that no action is required (see Remediation Plan).	O
69	2011-1	SCOIC11	8/5/13	SCO	The City Auditor's office was inefficient and ineffective.	The City should re-establish a City Auditor's Office and follow guidelines published by the IIA for establishing an internal audit organization. The Audit Committee of the City Council should adopt formal governance processes and procedures to provide appropriate oversight of internal audit functions and activities and respond in a timely manner to	ASD/CM	Agree. On 3/5/13, the City Council approved a contract with Moss Adams LLP to conduct an Internal Control and Risk Assessment audit. The results of this audit will be used to determine a work plan to address the high risk areas needing further scrutiny. The contract allows the City to continue or terminate with Moss Adams after the audit. After the audit is completed	Yes	N/A	9/24/2013	The Risk Assessment and Internal Control Review was completed. The final report was presented to the Audit Committee on 8/19/13. A 3 year contract with Moss Adams LLP was approved by the City Council on 9/24/13 to provide the functions of the City Auditor. The contract will cover FY 2013-14 through FY 2015-16. The	E
76	2011-8	SCOIC11	8/5/13	SCO	Lack of written procedures for the handling of cash from parking meters.	The City should immediately complete written procedures, including oversight and monitoring mechanisms, with respect to cash handling of parking meter revenues.	ASD	Disagree. The City had written procedures for Parking Meter Collections. Staff revised the written procedures in October 2008 and July 2013. In addition, detailed written procedures, effective 2009, are maintained and followed by the City's parking meter collection vendor Universal Protection Services.	Yes	N/A	N/A		A
77	2011-1	SCORA11	8/5/13	SCO	Unallowable low and moderate income housing fund cash transfer to the City.	Based on H&S Code section 64167.5, the City is ordered to turn over the assets described above to the Successor Agency. The Successor Agency is directed to properly dispose of these assets in accordance with H&S Code sections 34177(d).	ASD	Disagree. Low/Mod Funds were an appropriate source of repayment. Low/Mod Funds were listed as the repayment source in the original loan applications submitted to CalHFA and in the staff reports presented to City Council on September 18, 2001 and September 24, 2002. In addition, the loan agreement states that "the source of funds utilized for repayment shall not be limited to any particular asset(s) of the Borrower."	Yes	N/A	N/A		M
78	2011-2	SCORA11	8/5/13	SCO	Unallowable transfer to the City.	Based on H&S Code section 64167.5, the City would have been ordered to turn over the assets described above to the Successor Agency. The Successor Agency would have been directed to properly dispose of these assets in accordance with H&S Code sections 34177(d), (e), and 34181(a). However, the Successor Agency Oversight Board approved Resolution No. OB 2012-10-10-06 on October 10, 2012, declaring these assets as for a governmental purpose. Therefore, no further action is needed regarding these assets.	ASD	Agree. Management had previously identified prior to the SCO audit that the properties transferred to the City fall within the guidelines of H&S Code section 34181(a); the assets are for a governmental purpose. Accordingly, the original transfer was completed prior to RDA dissolution on June 7, 2011, and reauthorized by the Oversight Board to the Stockton Successor Agency on October 10, 2012, by Resolution No. OB 2012- 10-10-06. No additional action will be taken.	Yes	N/A	10/10/2012		M
84	2010-6	IA-PA	3/21/12	City	Most employee benefit contracts are renewed at staff level based on provision made at time of the contracts.	Re-establish contracts for the above listed benefits after completing a competitive process as required. Seek City Council ratification of previously incurred expenses.	HR	The Human Resources Department will seek Council approval to issue a Request for Proposal for all vendors named. This plan was previously brought to Council's attention in a Strategic Initiative. The vendor contract Request for Proposal Business Plan was proposed to and accepted by the City Council o May 17, 2011.	Yes	N/A	10/22/2013	All benefit contracts have been updated either through an RFP or bid process. The medical insurance was addressed at the 10/23/2013 Council meeting. An RFP on the City's medical plan has been approved. The dental, vision, life, and long term disability has all been completed in early 2013.	A
94	2014-02	IA-PP	2/8/2012	City	Safe camera equipment inadequate/antiquated.	Replace the security system with a more effective camera that records around the clock. Controls should be established to ensure that the camera cannot be disabled from inside the Property Room. Procedures should be established for accessing and editing the recording media.	PD	We have met with IT personnel in the Property Room to conduct a walk through and review of the current camera system and discuss potential fixes. IT is in the process of contacting vendor(s) for suggested solutions and estimates. Once a new camera solution is chosen, steps for purchasing and implementation will be taken.	Yes	N/A	1/29/2013	10/23/13: New camera system was installed in the Property Room on 1/29/13. Staff has been trained on the new camera system.	H

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95	2014-05	IA-PP	2/8/2012	City	The Property Room Supervisor has disproportionate authority in relation to responsibility.	We recommend that the incompatible duties be separated by: 1. Transfer maintenance of security table of Revolutions system to Information Technology division. 2. Encrypt passwords. 3. Since the Supervisor has both access to physical property and edit rights to property records, there need to be compensating controls in place to avoid abuse. This could be in the form of Audit trail reports generated and reviewed externally by staff that do not have access to the physical property; or by removing edit capabilities from the Supervisor's access.	PD	In response to this Finding, the software designer for the Revolution system has amended the system configuration and removed the ability for the Property Room Supervisor/System Administrator to access/view individual passwords from users. Now, if a password is forgotten and must be re-issued, the Supervisor can only allow the user to re-set their password. Additionally, the Supervisor has never been able to delete Property Records, nor amend Property Records without an edit history of the changes made being retained in the system. The edit history cannot be altered or deleted. Nevertheless, we will request that the vendor configure the system allowing us to generate a single report that indicates all records that have been edited and what those changes were. This report will be accessed and reviewed, at least quarterly by Professional Standards Section staff. Additionally, written requests (via email or memorandum) to add or delete users will continue to be submitted to the system administrator via the Chief's office. A hard copy of the written request will be retained by the system administrator prior to making the addition or deletion. Retention of such documentation will justify such changes. If changes must be made to a user's access settings, these user access changes will need to first be approved by the Technical Services Division Commander. This may also be done via e-mail, however a hard copy of the e-mail approval will also need to be retained to justify such changes. The Department believes the noted system changes address the concerns of this Finding, while still retaining the need for efficient operations in the Property Room.	Yes	N/A	7/11/2012	1) Quarterly audits are performed by the Professional Standards Section of the Police Department. They provide confidential memorandums of their audit to the Chief of Police for review. The Departmental Special Order would not show audits have been completed as it is a policy document. Professional Standards has provided the following dates of audits and has the confidential memorandums available for review upon request, but will not scan and send: 7/12/12 10/15/12 1/16/13 4/11/13 7/25/13 10/29/13 1/21/14 4/16/14 7/9/14 2) Linda Engrav-Clarke, Property Room Supervisor receives email notifications of employee hires and separations and based on these emails, modifies access as appropriate. She retains copies of the emails and notes when the change has been made. We previously provided copies of these emails.	H
109	2.3	SCGJ-112	05/24/13	SCGJ	The recent practice of using a firm as the City Auditor gives the City Council more flexibility in directing what audits and studies are to be conducted since a wider field of expertise offered by the firm can be tapped to undertake the investigations.	For the next two years, the City contract with an outside firm with multiple areas of expertise to serve as City Auditor. The use of a firm (versus an individual) is to serve as City Auditor to be evaluated as a distinct action item annually as part of the budget review and adoption process.	CM/City Council	The City agrees with this recommendation except it will not commit to the two year window until after reviewing their work during this initial trial phase. On March 5, 2013, the City Council approved a contract with Moss Adams, LLP, who possesses extensive experience providing local government internal audit services and audit services. The contract provides the City with the option to either continue the contract after the first six month period or to terminate the contract upon completion of the risk assessment and internal control audit. Following completion of this initial 6 month project, staff will work with the Audit Committee and City Council in preparing an analysis of performance under this arrangement and recommend future direction of the internal audit function.	Yes	N/A	9/23/2013	On September 24, 2013 the City Council authorized a contract with Moss Adams to provide the services of Internal Auditor for a three year term with two potential one-year extensions. The three year term was designed to balance continuity and complacency. As the City aggressively addresses our lack of internal controls it is important to have an Internal Auditor that carries the City through our initial Internal Audit Plan and verification that its efforts are sustained throughout the organization. This is balanced by a contract that is not too long and requires annual review by the City Council following completion of the initial work plan. The contractual City Auditor relationship will continue to be evaluated throughout this contract and be reflected in Council's decision whether or not to extend the contract after the initial term. In addition, the limit to two one-year extensions requires that the work be evaluated and competed following a five year time frame.	K
118	5.3	SCGJ-112	05/24/13	SCGJ	Past City Councils were not kept informed of the extent to which departments were or were not adhering to their budget appropriation limits or about the City's overall financial health.	Beginning with the FY 2013-14 the City Manager and CFO provide the City Council a review of the budget expenditures at least quarterly, with a mid-year Council workshop to review the budget status in detail.	ASD/CM	The City partially agrees with this recommendation. Council currently receives quarterly budget updates on the General Fund and related funds. In Fiscal Year 13-14 these quarterly updates will be expanded to include other major departments and funds. As performance measures are incorporated into future budgets, these will be included in the quarterly reviews. When a comprehensive performance management program is developed, the City will consider whether it is appropriate to prescribe how these measures are reported through Council Policy.	Yes	8/13/2013 (date letter received)	8/13/2013	As noted in the City's response to the Grand Jury, the City Council currently receives quarterly budget updates on the General Fund and related funds. In Fiscal Year 13-14 these quarterly updates will be expanded to include other major departments and funds. While the City will not hold a mid-year Council workshop with the specific purpose of reviewing the budget status in detail, the Council typically meets in a strategic planning workshop early each calendar year. During this workshop the Council receives updates on critical initiatives and projects, including relevant budget status updates. This strategic planning session, in addition to the quarterly budget updates serve as sufficient financial reporting workshops. As such, the City considers this finding implemented and complete.	K
120	6.2	SCGJ-112	05/24/13	SCGJ	Appointment to and removal from the Budget Committee by the prior city government had been based on political alliance rather than interest or knowledge of the City's fiscal activities, limiting the inquiries into the former management's activities.	By 11-1-13, the City Council amend 100-4 to set defined staggered and rotating two-year terms on the Finance Committee.	CM/City Council	The City disagrees with this recommendation. Respectfully, this recommendation seems counter to the implied suggestion in Finding 6.2. The City is not prepared to prescribe terms or qualifications for appointment to City Council Committees. Appointment to Council Committees is at the discretion of the Council and can be adjusted at any time by Council approval.	Yes	N/A	8/13/2013	As noted in the City's response to the Grand Jury, the City disagrees with this recommendation. To reiterate the City's position, rotating Committee members too regularly limits Council Members continuity and ability to become familiar with complex topics. The City is not prepared to prescribe terms or qualifications for appointment to City Council Committees. Furthermore, appointment to Council Committees should remain at the discretion of the City Council. As such, the City considers this finding closed.	K
128	1.1	SCGJ-912	5/22/2013	SCGJ	The staffing of all law and justice agencies in the County has been reduced increasing the threat to the safety of citizens and their property.	Each City Council, before September 1, 2013, adopt a policy that states it is a priority of the City to increase staffing for law enforcement, including patrol and probation.	CM/City Council	The Stockton City Council endorsed the Marshall Plan Project Report on April 2, 2013, which specifically recognizes the need for additional police officers as part of its comprehensive crime reduction strategy. The Council also placed a funding measure for the Marshall Plan on the November 5th ballot.	Yes	9/1/2013	N/A	As noted in the City's response to the Grand Jury, the City Council endorsed the Marshall Plan Project Report on April 2, 2013. This action demonstrated the position of the Council in support of increasing law enforcement staffing. With the passage of Measure A, Council anticipates hiring an additional 120 officers over the next three years. On February 25, 2014 an item will come before the Council outlining the process for hiring these officers, including an immediate authorization to hire 40 officers. These actions are more relevant and concrete than a resolution in support of increasing staffing. The City considers the finding corrected and the intent of the recommendation addressed. As such, the City considers this finding complete.	Q
129	1.2	SCGJ-912	5/22/2013	SCGJ	The Stockton Police Department has maintained an aggressive recruitment program but has not been able to increase its staffing due to the number of officers leaving the department.	The Stockton City Council, before December 31, 2013, identify provisions that promote the retention of law enforcement staff and approve a plan for the implementation of the retention provisions identified.	PD	The Stockton Police Department has maintained an aggressive recruitment effort resulting in an unprecedented number of new officers being hired. The loss of more tenured officers through resignations and retirements was substantial and acute during 2012, but has since slowed significantly. The City recognizes the need to retain and expand current staff within the police department and will remain cognizant of this issue as it proceeds through its severe fiscal challenges. As noted in the response to 1.2, the Police Department has been actively engaged in researching potential retention strategies. These strategies have been reviewed with the City Council and the Police Department has employed those efforts that are best suited to our situation.	Yes	12/31/2013	12/31/2013	As noted in the City's original response to the Grand Jury, the Police Department actively researched potential retention strategies in 2012 and 2013. These strategies have been reviewed with the City Council and the Police Department has employed those efforts that are best suited to our situation. The Police Department does not recommend implementing additional retention provisions at this time. It is worth noting that the Police Department reached its full budgeted staffing level in 2013, activating the 17 officer hiring grant from the Federal government. The majority of these officers have now also been hired. The City will continue retention and recruitment efforts as the City prepares to hire an additional 120 officers over the next three years. However, with staffing increasing and turnover returning to more normal levels the City will not approve additional retention provisions. As such, this finding is considered complete.	Q

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130	1.4	SCGJ-912	5/22/2013	SCGJ	Continued and increased use of current technologies would make law enforcement agencies more efficient and offset some of the decreased staffing.	The Sheriff's Department and each city's police department review their current use of crime prevention technologies and develop a plan to implement new technologies that could help increase the efficiency of their agencies.	PD	As noted in the response to Finding 1.4, the Stockton Police Department has an existing, long-standing Technology Steering Committee that fulfills this recommendation.	Yes	N/A	8/13/2013	As noted in the City's original response to the Grand Jury, the Stockton Police Department has an existing, long-standing Technology Steering Committee that fulfills this recommendation. In the past two years, the Police Department has aggressively used technology to address violent crimes and gang activity. Important examples of cutting edge technology include a Fusion latent fingerprint device, Shotspotter and BAIR Analytics software for real-time and predictive data analysis. As such, the City considers this finding complete.	L
131	3	SCGJ-912	5/22/2013	SCGJ	The duplication of special units, specialized training and police functions (e.g., property room, dispatch, investigation technicians) cause inefficient use of limited resources. There are examples of cooperation between different agencies in the County but each agency still operates autonomously most of the time.	The Board of Supervisors and the City Councils of Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton and Tracy, before September 1, 2013, each appoint two representatives, one to represent law enforcement and one to represent the governing body or management, to form an ad hoc committee. The committee's purpose is to conduct a study on how to increase countywide efficiency of law enforcement agencies by taking a regional approach to some or all of their services. A preliminary report is to be released before December 31, 2013, of actions already taken to increase efficiency and additional actions that will be taken between January 2014 and June 2015.	PD	The respondent partially agrees with this recommendation. In principal, the City of Stockton is supportive of efforts to increase the collaboration and efficiency between partner agencies. Because the City is supportive of these efforts, Stockton has been very engaged in recent years with the County and numerous agencies associated with public safety. A key tenet of the Marshall Plan on Crime is for all parties in the criminal justice system to collaborate and address crime from a comprehensive systems approach. The City of Stockton submits that that Marshall Plan on Crime is in fact an already completed study and analysis of ways to improve countywide efficiency of law enforcement. The Marshall Plan represents a series of recommendations developed by a stakeholder group over the past year. This stakeholder group was made up of not only elected officials and law enforcement executives from the City and County, but from included representatives from the business community, schools, community organizations and faith based organizations. The Marshall Plan contains elements that will revitalize the entire criminal justice system and put in place evidenced based approaches that are proven to be effective. The City of Stockton submits that the Marshall Plan on Crime is and will continue to fulfill the intent of this recommendation. The City is fully committed to moving forward with implementation of the Marshall Plan on Crime.	Yes	9/1/2013	2/25/2014	As noted in the City's original response to the Grand Jury, the City is supportive of efforts to increase the collaboration and efficiency between partner agencies. Because the City is supportive of these efforts, Stockton has been very engaged in recent years with the County and numerous agencies associated with public safety. This has been an important factor in the reduction of crime. In addition, a key tenet of the Marshall Plan on Crime is for all parties in the criminal justice system to collaborate and address crime from a comprehensive systems approach. The City of Stockton submits that that Marshall Plan on Crime is in fact an already completed study and analysis of ways to improve countywide efficiency of law enforcement. As the City and other partners move forward with implementation of the Marshall Plan, it is not anticipated that other distinct efficiency efforts will be undertaken. With the passage of Measure A, the implementation of the Marshall Plan will continue in earnest. A key step in the implementation of the Marshall Plan will be authorization for the use of Measure A funds which will come before the City Council at their February 25, 2014 meeting. In consideration of the work of the Marshall Plan Stakeholder Committee and implementation of their recommendations, the City considers this finding complete.	F
145	B-6	MA-ICR	8/19/2013	MOSS	Surplus goods are not disposed of in a timely manner	Procure and establish timely contracts to prevent lapse of services.	ASD-Purchasing	Complete a review of auctioneers in the area and execute contract for disposal of personal surplus materials/equipment.	Yes	N/A	2/25/2014	Purchasing completed a review of auctioneers in the area and Council approved execution of contracts with South Bay Auto Auction of Stockton and First Capitol Auction of Vallejo for disposal of personal surplus materials/equipment, as of February 25, 2014.	N
162	E-1	MA-ICR	8/19/2013	MOSS	Cash tills are not reconciled at the end of each shift by appropriate personnel.	Establish and implement procedures for cashiers to count their own tills at the end of each shift. The Revenue Assistant II should then verify this count in the presence of each cashier. The cash count should be documented with both the cashier and the Revenue Assistant II signing off on the amount deposited for that till. This recommendation was in the process of being tested and implemented in May/June 2013.	MOSS	Established and implemented procedures for cashiers to count their own tills at the end of each shift in May/June 2013.	Yes		4/11/2014	Established and implemented procedures for cashiers to count their own tills at the end of each shift in May/June 2013. It was cleared by the internal auditor after the internal control revenue audit on April 11, 2014.	H
164	E-3	MA-ICR	8/19/2013	MOSS	Cash controls at remote collection sites should be periodically monitored and tested.	Monitor and test controls at remote cash collection sites. When inadequate controls are identified, initiate appropriate follow up and resolution.			Yes		4/11/2014	It was cleared by the internal auditor after the internal control revenue audit on April 11, 2014. Cash counts of all city cash change fund and petty cash sites have	H
165	E-4	MA-ICR	8/19/2013	MOSS	Accounts receivable valuation allowances should be subjected to periodic review and adjustment	Continue to work towards analyzing receivables at least quarterly, and continue to implement procedures that clarify the responsibilities of the ASD and the various departments as related to monitoring receivables, updating allowances, and initiating write-offs. Record all receivable balances on the general ledger monthly.			Yes		4/11/2014	It was cleared by the internal auditor after the internal control revenue audit on April 11, 2014.	H
169	E-8	MA-ICR	8/19/2013	MOSS	Monitoring of cashier overages/shortages should occur timely with proper follow up when discrepancies are noted.	Implement procedures so that cashier overages/shortages are monitored and timely follow-up is initiated when discrepancies are discovered.			Yes		4/11/2014	It was cleared by the internal auditor after the internal control revenue audit on April 11, 2014.	H
176	F-1	MA-ICR	8/19/2013	MOSS	Cash collections should be handled by personnel not responsible for recording revenue.	Implement procedures to segregate duties so that employees who have access to posting revenue do not have access to cash receipts. Implement procedures to prevent cash receipts from being handled by an employee and then given to another employee without the cash receipts being counted and without record of the change in custody.			Yes		4/11/2014	It was cleared by the internal auditor after the internal control revenue audit on April 11, 2014.	H
204	A1	RDA-AUP	9/24/2012	BA	Estimated amounts existed on the EOPS; however, they were not stated as such on the EOPS form for the period of 8/1/11 through 12/31/11.	None	EDD	Staff prepared the EOPS in accordance with Section 34169, which does not mention how estimates should be treated. The EOPS was prepared with the best information available at the time, which required proration of monthly costs and/or projections of when expenses would occur. Estimates will be noted as such on future ROPS.	Yes	N/A	10/13/2012	The Department of Finance does not allow revisions to any previously submitted ROPS. ROPS III was submitted on 8/22/2012, and approved by the Dept. of Finance on 10/13/2012. The ROPS III notes which obligation amounts are estimates in the "Description/Project Scope" section of the ROPS.	O
205	A2	RDA-AUP	9/24/2012	BA	Estimated amounts existed on the EOPS; however, they were not stated as such on the EOPS form for the period of 1/1/12 through 06/30/12.	None	EDD	Staff prepared the EOPS in accordance with Section 34169, which does not mention how estimates should be treated. The EOPS was prepared with the best information available at the time, which required proration of monthly costs and/or projections of when expenses would occur. Estimates will be noted as such on future ROPS.	Yes	N/A	10/13/2012	The Department of Finance does not allow revisions to any previously submitted ROPS. ROPS III was submitted on 8/22/2012, and approved by the Dept. of Finance on 10/13/2012. The ROPS III notes which obligation amounts are estimates in the "Description/Project Scope" section of the ROPS.	O
206	B5	RDA-AUP	9/24/2012	BA	The listing of the assets for the period ending January 31, 2012 was not available for review.	None	ASD/EDD	The Capital Assets list will be provided at a later date.	Yes	N/A	12/13/2012		O
208	D2	RDA-AUP	9/24/2012	BA	Unable to trace certain amounts on the ROPS to the actual payments.	None	EDD	The sampling of payments scheduled on the ROPS included estimated amounts and/or projected dates of project expenditures. The Department of Finance has since reviewed and approved the amended ROPS. Monthly amounts reflect actual payments made between January and May 2012. An estimated amount of legal expenses in June is included with a note that total outstanding is an estimate, and monthly costs are projected. No further action required.	Yes	N/A	9/24/2012	The sampling of payments scheduled on the ROPS included estimated amounts and/or projected dates of project expenditures. The Department of Finance has since reviewed and approved the amended ROPS. Monthly amounts reflect actual payments made between January and May 2012. An estimated amount of legal expenses in June is included with a note that total outstanding is an estimate, and monthly costs are projected.	O
242	2012-14	SA12	4/8/2014	PUN	The City does not formally communicate the CFDA# to subrecipients under the Community Development Block Grant during the time of the subaward.	The City should incorporate the CFDA# into subaward letters.	ASD	Modify award letters for FY 2014-15 and notify subrecipients in the current year.	Yes	N/A	5/29/2014	The Economic and Development Department has revised the subaward letter template to include the required information. Beginning with fiscal year 2014-15, award letters will provide the CFDA number.	M
243	2012-15	SA12	4/8/2014	PUN	• Per discussion with the Economic development department (which administers the HOME Investment Partnership Program) determined that the department does not investigate potential vendors for suspension/debarment of covered transactions if the vendor is going to be funded with non-ARRA sources. • Based on our inquiry and discussion with the grant administrator of the Edward Byrnes Memorial Justice Assistance Grant (Police Department) , it was noted that for procurement of goods or services over $25,000 no verification of vendors was made to ensure that they were not suspended or debarred or other wise excluded.	Procedures should be implemented establishing proper protocol to ensure that all procurement and suspension and debarment requirements are made and properly documented in the city's files.	ASD EDD Police	Amend grant procedures and guidelines.	Yes	N/A	6/1/2014	EDD staff revised their procedures to include EPLS verfication effective 3/18/2014. Police staff revised their procedures to include EPLS verification effective 6/1/2014.	M

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303	2013-02	SA13	6/25/2014	PUN	• Per discussion with the Economic development department (which administers the HOME Investment Partnership Program) determined that the department does not investigate potential vendors for suspension/debarment of covered transactions if the vendor is going to be funded with non-ARRA sources. • Based on our inquiry and discussion with the grant administrator of the Edward Byrnes Memorial Justice Assistance Grant (Police Department), it was noted that for procurement of goods or services over $25,000 no verification of vendors was made to ensure that they were not suspended or debarred or other wise excluded.	Procedures should be implemented establishing proper protocol to ensure that all procurement and suspension and debarment requirements are made and properly documented in the city's files.	ASD EDD Police	Amend grant procedures and guidelines.	Yes	N/A	6/1/2014	SAME AS ITEM #242

EDD staff revised their procedures to include EPLS verification effective 3/18/2014. Police staff revised their procedures to include EPLS verification effective 6/1/2014. | M |
| 304 | 2013-03 | SA13 | 6/25/2014 | PUN | The City does not formally communicate the CFDA# to subrecipients under the Community Development Block Grant during the time of the subaward. | The City should incorporate the CFDA# into subaward letters. | ASD | Modify award letters for FY 2014-15 and notify subrecipients in the current year. | Yes | N/A | 5/29/2014 | SAME AS ITEM #242

The Economic and Development Department has revised the subaward letter template to include the required information. Beginning with fiscal year 2014-15, award letters will provide the CFDA number. | M |

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11	460-01	IA-AD	06/28/02	City	Administrative directives not being reviewed periodically.	We recommend the administrative directives be revised or deleted accordingly. In addition, since the City Manager's office administers the directives, we recommend a process be implemented whereby the department heads are required annually to certify in writing that their directives are current and relevant.	CM	All Administrative Directives will be updated. Once all the directives have been reviewed within a 5 year period, and MAN-08 has been revised and approved by the Executive Team, the City Manager's Office will present a status report to the City Auditor's Office.	Partial	1/1/2016	N/A	The City's Internal Audit Plan identified a project to address all Administrative Directives, the Policy Project. Moss Adams conducted a review of the administrative policy environment at the City in early 2014, with a recommended action presented to the Audit Committee in June of 2014. The recommendations adopted by the Audit Committee included forming an Administrative Directive Oversight Committee to facilitate the review and update of all Administrative Directives. This Committee was formed and began meeting in the fall of 2014. The Committee has developed a process and schedule for reviewing all Administrative Directives over the next two years. An updated Administrative Directive structure and Council Policy Manual have been prepared for review by the City's Executive Team and the first block of Directives to be reviewed has been initiated. (Christian Clegg 1/25/2015)	A
12	2011-1	MOIC11	11/17/12	MAZE	Going Concern And The Auditor's Opinion- City Finances	The City has hired consultants and legal experts to assist the City's new management team work through the bankruptcy proceedings and develop other cost savings measures in order to enter a plan of adjustment that will return the City to financial health. City staff and management should continue to work as expeditiously as possible to return to financial solvency. This single issue remains the top priority.	ASD	Confirm a Plan of Adjustment with the Bankruptcy Court	No	N/A	N/A	Management is currently in the long range Financial Planning Stages and will continue to progress forward. Also see 12-SAS115 and 2012-12, Per Vanessa Burke.	E
34	2011-23	MOIC11	11/17/12	MAZE	Purchasing Policy - Authorization for Payment Method Non-compliance with policy. Potential over-expenditure of funds.	Policy requirements should be complied with to ensure expenditures are only made with proper authority.	ASD	1) Perform compliance testing of AFP transactions. 2) Communicate non-compliance to departments for correction and discipline on an ongoing basis.	No	1/30/2016	N/A	The consultant's review identified numerous opportunities for improvement to the City's Procure-to-Payment (P2P) process as well as ways to improve risk protection and procedural compliance. A summary of the consultant's report was presented to the City's Executive Team (8/2014) and subsequently provided to the City Council (10/2014).The audit finding overstated the degree to which AFP payments are miss-applied. Although opportunity does exist for more-efficient processing of expenditures, the City's accounts payable and purchasing staff members do regularly-notify Departments of non-compliance. The consultant has been contracted to help the ASD Department lead a team initiative to transform the P2P process infrastructure, processes, and supporting procedures. The various aspects in this audit finding will be accomplished through that initiative. The audit finding overstated the degree to which AFP payments are miss-applied. Although opportunity does exist for more-efficient processing of expenditures, the City's accounts payable and purchasing staff members do regularly-notify Departments of non-compliance. The consultant has been contracted to help the ASD Department lead a team initiative to transform the P2P process infrastructure, processes, and supporting procedures. The various aspects in this audit finding will be accomplished through that initiative	M
35	2011-24	MOIC11	11/17/12	MAZE	Purchasing Policy Update and Codification The structure raises the risk of non-compliance.	Policy requirements should be updated, combined and codified into a single comprehensive document that is easy to use and apply.	ASD	Efforts by Purchasing to revise the purchasing manual have been underway. A revised purchasing manual is anticipated to be submitted to the Executive Team by January 2013 for review and approval. The revised purchasing manual includes updated Charter and Municipal Code references, as well as consolidation of Administrative Directives that provides a more cohesive and flowing policy.	Partial	10/1/2015	N/A	The creation or revision of procurement policies and procedures is a portion of a consultant-led Procurement Transformation project which began in December 2014. Following restructuring and staffing of the future-state Procurement Services Division, creation of new Procure-to-Payment (P2P) processes, and selection of technology tools to empower the new processes; the project team will review/revise written procurement policies reflective of the new environment. Concepcion Gaviotin	N
50	2010-01	RMIC10	2/16/11	MACIAS	The City was omitting financial transactions related to accounts receivable and revenue of the Library Fund from its financial statements. However, the City has recorded the related accounts receivable, allowance for doubtful accounts, and net revenue of approximately $127,000 in the City's financial statements as of and for the year ended June 30, 2010.	The Library should implement procedures establishing specific control activities for the performance of routine reconciliation of accounts receivable between the Library Funds subsidiary ledger and the City's general ledger. The Library should also establish monitoring procedures to ensure that the reconciliations and being performed on a timely basis, as well as, ensuring that a periodic analysis of the Library Fund's accounts receivable aging is conducted for identifying amounts that are no longer collectible.	ASD/CS	1. ASD will work with Library Services to ensure that all program activity, assets, and obligations are fully recorded and valued in the GL. 2. Program financial reviews with each department will be conducted as part of the June 30, 2011 year-end close process to facilitate communication and identification of reportable transactions and their valuation.	No	1) 6/30/2015 2) N/A	1) N/A 2) 4/2/2012	Allowances for doubtful accounts have been established and monitored annually. Receivables are evaluated on an annual basis. The City will strive for quarterly monitoring of aging reports and receivable activity.	O
60	2010-03	SA10	2/16/11	MGO	Appears insufficient follow-up procedures performed related to unidentified reconciling amounts between the loans to property owners' amounts reported by the third party administrator and the amounts recorded in the City's general ledger.	The Administrative Services Department should improve upon the completeness of the reconciliations between the third party administrator and the general ledger and strengthen the oversight and monitoring procedures, ensuring that complete and accurate reconciliations are performed and is timely follow-up to resolve any reconciling amounts and unexplained differences. Furthermore, all reconciling amounts should be clearly documented and supported.	ASD/EDD	Improve completeness of reconciliation between third party administrator and the General Ledger. Perform monthly analysis of Advances to Property Owners to ensure reconciling items are identified and processed timely.	Partial	12/31/2017	N/A	Reconciliation Procedures for EDD and ASD have been completed. EDD Housing staff reconciles remittance reports from the loan servicer, Amerinationa l Community Services (ACS) monthly, and reconciles each project upon completion. ASD-Accounting staff reconciled loan balances on an annual basis prior to FY 2015. In Fiscal Year 2015, Account staff reconciled loan balances on a semi-annual basis, ensuring complete and accurate amounts are reported in the City's General Ledger (GL) for loans serviced by ACS. With regard to NSP loans, the reconciliation is divided into two segments, NRS-Rehab loans and NDP-Down Payment loans. NRS loans are tracked internally by EDD and supporting documentation is used to reconcile third party invoices and cash receipts. NDP loans are serviced by ACS, enabling Acco	H
70	2011-2	SCOIC11	8/5/13	SCO	Inadequate accountability and oversight over fiscal management functions at the operating departments because of decentralization.	The City should centralize fiscal management functions and implement additional measures, such as centralized contract listing, to more closely monitor the fiscal practices of the operating departments.	ASD	Partially agree. The City disagrees with centralizing all fiscal management functions for a large local government like the City of Stockton. What is required is improvement to the financial systems and monitoring tools that enable the process. 1) Contract Process - secure a contract to reengineer the purchasing and supply chain management function. Staff will evaluate the options of purchasing contract management software. 2) Grant Management System - The City Manager's Office has designated a Program Manager to serve as the central point of contact for Federal, State, and private grants. Given the 43$ reduction of non-safety personnel, the establishment of a more centralized grants administration process would require additional funding. This will be evaluated after the emergence from bankruptcy. 3) Fleet Management - The City has already contracted for an independent fleet management and utilization assessment, which resulted in a series of recommendations and implementation plan that will dramatically increase	No	1) 01/30/2016 2) 06/30/2015 3) 12/31/2014	1) N/A 2) N/A 3) N/A	1) See update for item #34 2) Administrative Directive MAN-12 has been revised and approved by the Executive Team. The effective date of the updated directive is 8/1/2013. One of the objectives of the directive to ensure that the City Manager's Office is fully aware of all communications to internal and/or external audit requests, audit responses, and monitoring visits. In addition, the internal auditor is in the fieldwork phase of their Grants Management Audit. A final report is expected to be issued by the end of December 2014. 3) Public Works is in the process of amending Administrative Directive MAN-16. Fleet Services aims to establish collaborative relationships with city departments to both understand the needs of each department but also to convey an understanding of procurement and operating costs of vehicles/equipment.	A

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71	2011-3	SCOIC11	8/5/13	SCO	Inability to produce financial statements and financial transaction reports on a timely basis.	The City should assign a higher priority and make plans to director more resources to address audit and financial reporting deficiencies.	ASD	Agree. The CFO and the Assistant Director of ASD have begun the recovery process and are developing plans for the future that include evaluating staffing needs, technological capabilities, and accountability for timely financial reporting. A schedule has been established to bring the City's audited CAFR for FY 2011-12 and 2012-13 back on time by no later than the end of calendar year 2013. ASD also plans to file the Annual Street Report for FY2012 as early as August 2013.	Yes	N/A	N/A	All has been completed effective 12/31/2014	O
89	2012-01	IA-ARRA	2/17/12	City	Communication among City staff administering grants needs improvement.	The Grants Manager should play a larger role in monitoring City grant compliance. The Grants Manager should be notified by the administering department of all reviews by outside entities, including the City's Single Audit, and the results of those reviews. The Grants Manager would then be in the best position to ensure information is shared with those who need to know, to coordinate the City's response to any issues raised during the reviews, and to share the lessons learned with staff administering grants at the department	CM	The Administrative Directive MAN-12 is currently being revised to reflect policy changes in the administration, reporting, monitoring and tracking for all grants received city-wide. To this end, staff will be required to inform the Office of the City Manager's Grants Manager of any review, site visit and/or audit by internal audit and external entities.	Partial	7/1/2015	N/A	With the updated Administrative Directive in place, the City Manager's Office has continued to monitor communications and notices related to administering grants. Significant progress has been made in communication and adherence to policy. However, an Internal Audit Plan project reviewing Grants Management is currently underway with a delivery timeframe of Spring 2015. Prior to submitting this finding for closure, the City Manager's Office prefers to await the findings of the	A
97	2016-01	IA-FUM	9/6/2012	City	Decentralized decision making creates inefficiencies in the system	Adopt a strategic plan that allows Fleet Division to manage the assets based on data and department input. Provide Fleet Division with the ability to realign assets to optimize usage and meet City needs.	PW	1) The Public Works department proposes an amendment to Administrative Directive MAN-16, Assignment of City Vehicles, to explicitly detail the roles of the Fleet Division and other city departments in equipment asset management, including the purchase of new equipment, the replacement of existing equipment, and the optimization of the use of existing equipment. 2) Public Works proposes to develop, in cooperation with other City departments, a strategic plan for the acquisition, replacement, maintenance, and disposal of City equipment.	Yes	6/30/2014	N/A	Public Works completed a fleet utilization study in Fall 2014. The process resulted in the removal of 16 underutilized units. The procedure is being formalized as an annual activity as part of the revision to MAN-16 to be completed in Spring 2015. In addition, MAN-16 will address Fleet's role in the operation and management of the City's Fleet. Public Works has also provided Bud get staff with updated procurement costs and industry standard life cycle costs for all classifications of vehicles. John Abrew, 02/10/2015	G
98	2016-02	IA-FUM	9/6/2012	City	Take home vehicles lack documented business needs & review.	Establish and implement a process to comply with the review and approval requirement stated in City and Council policies. Written requests for take home vehicles should be retained according to the City's record retention policy. Maintain take home vehicle assignments in the Fleet system. Update information as assignments are changed, to avoid duplication of efforts. Location of vehicles must be a required entry in the system. Review current take home assignments to ensure current business need and to ensure all assignments have been documented.	PW	1) Public Works will propose amendments to MAN-16 to clarify the roles of the Fleet Division, the City Manager's office, and Departments in approving and re-authorizing take home vehicle use, and in maintaining associated records. 2)The City Manager's office will provide a copy of the current Take Home Vehicle information to the Fleet Manager. The Fleet Manager shall insure that this information is entered into the Fleet Module.	No	4/30/2015	N/A	Meetings are being scheduled in February 2015 to meet with Departments regarding take home vehicles. An updated list of approved vehicles will be part of the revision of MAN-16 to be completed in Spring 2015. Gordon A. MacKay 2/5/2025	G
99	2016-03	IA-FUM	9/6/2012	City	The City may have more vehicles than are needed.	Establish a minimum business use mileage policy for vehicles, including those assigned as take home. Review low mileage vehicles for possible disposal, or transfer to replace a less cost effective vehicle in use elsewhere in the City. Change the assignment of vehicles from a department based focus to a location focus. Multiple departments in one building could share a smaller pool of vehicles.	PW	1) The Fleet Division will provide an annual report of vehicles used less than 6,000 miles per year to each department (low use list). This list would be provided along with the asset inventory list as the first stage of the ISF budget development process. 2)Fleet Division will propose an amendment to Administrative Directive MAN-16 that will require Departments to justify to the City Manager's office their continued use of any vehicle on the low use list. The amendment will include criteria and/or guidelines that must be satisfied to justify retaining the low use vehicle. 3) Fleet Division will undertake an evaluation of the utilization of units garaged at locations which are used by multiple departments (i.e. Stewart Eberhardt Building) and provide recommendations on potential pool use of these units to affected Departments and the Deputy City Managers. Management will be responsible for approving and implementing proposed changes.	Yes	12/31/2014	1)6/30/2013 2)N/A 3)6/30/2013	Public Works completed a fleet utilization study in Fall 2014. The process resulted in the removal of 16 underutilized units. The procedure is being formalized as an annual activity as part of the revision to KAN-16 to be completed in the Spring of 2015. John Abrew, 2/5/2015	G
106	1.3	SCGJ-112	05/24/13	SCGJ	The City Council's approval of loans between restricted funds without receiving any information or documents on the repayment requirements or impacts created an unclear picture of the actual balances in the various accounts.	All proposals for the City Council to authorize interfund loans be accompanied with loan documents detailing obligations of the loan and any impacts on the City's General Fund.	ASD/CM	The City Manager currently requires that any proposal for an inter-fund loan will be brought before Council and must be accompanied with loan documents detailing the obligation, its impacts on the General Fund, if any, and the plan for repayment including the term of the loan and source of repayment. In addition, no later than December 2013, staff will prepare for Council adoption an inter-fund loan policy specifying these requirements.	No	3/15/2015	N/A	An draft inter-fund loan policy has been developed and is currently being reviewed by management. The requirement of the City Manager to bring all proposed inter-fund loans before the Council for approval remains in place until a policy is developed.	I
107	2.1	SCGJ-112	05/24/13	SCGJ	While the City Auditor is accountable only to the City Council, city managers influenced the Auditor's daily operations through recommendations on the City Auditor's budget. The City Council showed little actual activity in fulfilling its obligations to oversee the City Auditor's office.	The City Council adopt a concise policy by 12/31/13 identifying the City Council's oversight obligations of the City Auditor.	CM/City Council	The Council has a unique opportunity with the pilot project of outsourcing the City's audit function to evaluate this relationship and clarify the roles and responsibilities of the Council and the City Auditor. In addition, the Council Audit Committee has determined to undertake a review of their role and establish a Charter outlining their scope of responsibilities. This will include a schedule of the types of reports and audits they expect to be provided by the City Auditor. Those elements of this review that are appropriate for inclusion will be adopted into a new version of City Council Policy 100-4, Mayor Appointments to Council Committees and Committee Structure/Function. Council Policy 100-4 will be reviewed and updated by no later than December 31, 2013.	No	6/30/2015	N/A	The City Council Audit Committee addressed the topic of the scope and responsibility of the Committee at their July 8, 2013 meeting. The Committee requested that the Internal Auditor develop an Audit Committee Charter. The topic of the Audit Committee Charter was discussed at their August 19 and September 23 meetings. At the September 23 meeting the Audit Committee approved the recommended Audit Committee Charter with some minor revisions. In late 2013, City Staff reviewed the City's policy structure to determine the most appropriate format in which to formally adopt the Council Audit Committee Charter. At that time, the City was considering a more comprehensive project within the Internal Audit Plan to address	K

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108	2.2	SCGJ-112	05/24/13	SCGJ	The City Auditor was instructed by a former city mayor and former city manager not to review the City's overall finances, and the City Auditor did not conduct reviews of revenue or expenditure projections, contracts, department programs. Elected officials testified that the City Auditor was not assertive in conducting reviews and evaluations of city contracts, department programs, or the overall City financial condition, thus denying the City Council and public an independent review of financial implications of the city managers' recommendations.	The City Council adopt a policy by 11/30/13 clarifying the types of audits and reports the City Auditor is to perform and when audits are to be conducted and under whose direction they are to be undertaken.	CM/City Council	The City agrees with the concept of this recommendation, but not the prescribed timing. As noted in the response to 2.1 above, a review of City Council Policy 100-4 as it related to the Council Audit Committee will be undertaken. There may be elements of this review that clarify the types of audit and reports that the Council Audit Committee would like to receive. However, it is overly prescriptive to determine by ordinance specific audits and reports required of the City Auditor. The purpose of the risk assessment and annual audit plan is to provide direction from the Council Audit Committee to the City Auditor in conducting the appropriate audits and reports based upon the current needs of the City. The City is still in test mode with the contractual auditor model and will not commit to a longer relationship at this time.	No	4/30/2015	N/A	A revision of all Council Policies has been completed by Moss Adams and presented to the Directives Oversight Committee. Following final review by the Directives Oversight Committee, the revised Council Policies will be reviewed by the City's Executive Team and presented to the Council Audit Committee in Spring 2015. (Christin Clegg, 1/25/2015)	K
119	6.1	SCGJ-112	05/24/13	SCGJ	Testimony from both elected and appointed City officials indicated the Audit Committee provided limited oversight of the City Auditor's function.	No later than 11/1/13 the City Council amend Council Policy No. 100-4 to create a single Finance Committee to replace the current budget and audit committees. Prior to 12/1/13 the City Council review and amend as necessary the stated purpose of all Standing Committees established in 100-4 to provide clear scope of activity and oversight responsibilities.	CM/City Council	The City disagrees with this recommendation. Currently, the Audit Committee has expressed interest in reviewing their scope and responsibilities. In addition, given the financial condition of the City, the full Council has expressed an interest in hearing all financial issues as a body. Given the entire Council is immersed in the City's finances as we work our way out of bankruptcy, adding a Finance Committee is redundant and hugely time consuming for a greatly reduced staff. Staff is already stretched given competing demands. Having a committee weigh in on the budget and then the full Council, is simply redundant. This added measure will slow down efforts in other areas. In addition, as the financial condition of the City stabilizes, the Council will have to determine the appropriate process for reviewing financial information in the future. As this determination is made, staff will provide for Council adoption an amended Council Policy 100-4. The City is not prepared to agree or disagree with this recommendation. As previously noted, the Council Audit Committee will be reviewing their scope and responsibilities. The City of Stockton has a number of competing priorities. As a result, a review of Council Committee roles and responsibilities will be addressed as other priorities are addressed. Resulting updates will be incorporated into Council Policy 100-4, but the City is not prepared to commit to a specific outcome or timeline at this point.	No	3/21/2015	N/A	A revision of all Council Policies has been completed by Moss Adams and presented to the Directives Oversight Committee. Following final review by the Directives Oversight Committee, the revised Council Policies will be reviewed by the City's Executive Team and presented to the Council Audit Committee in Spring 2015.(Christian Clegg, 1/25/2015)	K
132	4.1	SCGJ-1112	5/28/2013	SCGJ	Membership on the District Board is seen as a family right and obligation passed through generations, or as a pathway for political advancement. Long terms on the District Board may lead to complacency in reviewing District financial conditions and a clear understanding of issues brought before the Board for consideration.	No later than November 1, 2013, the County Board of Supervisors and the City Council of each city in the County petition the appropriate agencies and/or the State legislature to establish term limits of two consecutive four-year terms for District Board Trustees.	CM/City Council	The respondent is not in a position to agree or disagree with this recommendation. This will require further study after conferring with other cities and the County.	No	6/30/2015	N/A	Given the competing priorities for the City of Stockton, this topic has not been addressed with the County or other cities within the region. Due to the potential risk to the City being minimal and the City's influence on this topic limited, this topic will be taken up at a future date as other priorities are addressed with our regional partners. No progress has been made nor has the prioritization status changed for this item. This topic has yet to become a priority for the City. (Christian Clegg, 1/25/2015)	K
133	2.2	SCGJ-LAW	6/17/2013	SCGJ	The absence of GPS devices and computers in fire vehicles put firefighters at risk when responding to an emergency outside their assigned area without the necessary data.	The Stockton City Council, by December 31, 2013, approve the purchase of current mobile technology (e.g., laptop computer, tablets, GPS devices) along with appropriate software for all fire engines in the city's fire department.	Fire	The respondent agrees with the recommendation. The City of Stockton Fire Department has been aware of the need for modernizing the technology for the fire vehicle fleet. In past years, Fire management was not sufficiently focused on maintaining technology or equipment current with modern standards. The City is interested in using technology to measure and manage performance in future years. However, this technology deployment has recently been delayed as a result of competing priorities and limited capital funding in past years. The Fire fleet was outdated to the point that engines were regularly failing and limited reserve engines were available. The Fire Department has been focused on acquiring more engines and through innovative efforts and grant funding has arranged for the purchase of six new engines over the past year. The Fire Department is now at a point at which we can address lower priorities like GPS technology. The City of Stockton received grant funding for the purpose of developing and deploying mobile technology for the fire department vehicles. This mobile technology project will satisfy the recommendation of the Grand Jury. Fire staff has been working collaboratively with the City of Tracy Fire Department on the deployment of Mobile Tablet Technology that will lower the costs for deployment and provide for sustainable funding for replacement and maintenance. This project will also include the City of Manteca Fire Department, who contracts with the City of Stockton for dispatch services. It is estimated that the mobile technology project will be fully deployed and operational by December 31, 2013.	No	2/22/2015	N/A	Staff received authorization from the City Council on December 17, 2013 to: 1) Purchase Mobile Data Computers and other related hardware to be installed on front-line fire apparatus and specialty units; 2) purchase Fire House Report Management Software; 3) purchase of Fire House Mobile Response Software; 4) purchase of Tablet Command software for installation on iPads and other related licenses for hardware and software connectivity from Logisys. This project will occur in three phases and changes will be seen in the technology used to assists our emergency crews within San Joaquin County. (3/15/15)	L
135	A-2	MA-ICR	8/19/2013	MOSS	Hours are not accumulated and processed accurately.	Institute a process where division management approves an hours proof report by employee for their department prior to payroll processing, or establish monitoring controls by the payroll department to ensure departments are accurately accumulating employee hours for each pay period. A more automated process could be established to track and report hours and ultimately strengthen monitoring.	ASD-Payroll	ASD management and Payroll staff will update and clarify current Administrative Directive (Fin-04, Payroll Time Sheets) procedure to include proper level for review and approval of hours proof report prior to payroll processing by ASD payroll unit.	No	12/31/2015	N/A	Administrative Directive Fin-04, Payroll Time Sheets is still under revision. Estimated completion is 12/31/15. The City is still researching a payroll software solution.	A
139	A-6	MA-ICR	8/19/2013	MOSS	Overtime is not overseen to ensure compliance with laws and regulations, and to ensure cost controls for efficient operations	Implement a comprehensive IT solution that accurately records time in accordance with the needs of departments with variable shifts and compensations. Evaluate current overtime policies at the department level and determine if changes should be made to more effectively manage overtime and prevent potential abuse.	CM/Citywide	Conduct review and update of the City's overtime polices. Investigate payroll technology to assist with management of overtime.	No	12/31/2015	N/A	As noted in the Management Response to this finding, a review of the overtime policies of the City will be conducted in coordination with the Policy Project. The Policy Project has only recently begun implementation and a schedule prioritizing policy review has not been developed. It is anticipated that overtime policies will not be among	L

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141	B-2	MA-ICR	8/19/2013	MOSS	The Accounting Director approves certain purchases for payment without confirmation that the goods and services have been received by departments. These types of payments relate to the purchase of paper, office supplies, and Chevron gas card payments.	Establish procedures to ensure payments are made only for goods and services that have been received.	ASD-Accounting	Establish procedures to ensure payments are made only for goods and services that have been received.	Yes	N/A	N/A	A review by the procurement consultant of this audit finding identified (I) a partial error by the auditors; as well as (ii) minimal risks in the identified areas. A response with regard to the auditor's three identified expenditure categories is as follows: Paper Purchases Being Non-Received – The City's reprographics operation typically acquires bulk paper (palletized in cut sheet or roll format) via a purchase order process which does require entry of receipt verification into the City's HTE system-of-record. Thus, the highest cost element in "paper" purchasing is properly receipt-	N
147	C-1	MA-ICR	8/19/2013	MOSS	Bank reconciliations are not completed on a timely basis.	Complete bank reconciliations prior to month's end, so that any adjusting entries required as a result of the reconciliation process can be posted in the proper period. Additionally, management should establish a standardized timeline to ensure bank reconciliations are completed within a certain number of days following each month's end.	ASD-Accounting	Receipt of statements and other information needed to update Operator Accounts, staffing shortages, and the conflicting priorities surrounding the ongoing demands of bankruptcy have hindered the cash balancing activities. However, within this last year, balancing of cash accounts has occurred prior to the closing of periods. In some instances, the balancing has been with reconciling items identified, but not updated to the GL, which has required an	No	12/31/2015	N/A	Receipt of statements and other information needed to update Operator Accounts, staffing shortages, late closings of periods and the conflicting priorities surrounding the ongoing demands of bankruptcy have hindered the cash balancing activities and continue to be an ongoing issue. Additionally, staff turnover and training have also been an ongoing issue. This is still an issue being addressed, and while there are a	O
149	C-3	MA-ICR	8/19/2013	MOSS	Bank reconciliations are not reviewed in a timely manner.	Establish procedures to ensure that reviews of bank reconciliations are completed timely. The personnel reviewing the bank reconciliations and supporting documents should perform the review in enough detail that inaccuracies or mistakes will be found.	ASD-Accounting	ASD will develop procedures to ensure adequate review of bank reconciliations are done timely.	No	6/30/2015	N/A	Receipt of statements and other information needed to update Operator Accounts, staffing shortages, and the conflicting priorities surrounding the ongoing demands of bankruptcy have hindered the cash balancing activities. However, within this last year, balancing of	O
154	C-8	MA-ICR	8/19/2013	MOSS	Monthly financial closure is not completed timely.	Establish a set date for monthly closure to be completed so that departments are able to access accurate financial information and timely file required reports.	ASD-Accounting	Update and finalize the monthly close procedures.	Yes	N/A	N/A	Monthly closing process has been established to ensure timely month end close. Standard journal entries, recurring journal entries, and checklists for the task that must be completed have been developed to	O
155	C-9	MA-ICR	8/19/2013	MOSS	Journal entries are not accompanied by a full explanation and reference adequate supporting documentation.	Establish policies and procedures to clarify the type of documentation that needs to be retained to support a journal entry. Adequate review of this support should be done before the journal entry is approved.	ASD-Accounting	Update and finalize the journal entry preparation and approval process.	No	N/A	8/30/2014	Journal entry desk procedure has been established that addresses proper documentation to support the posting to the general ledger. In addition, continuous training will be provided to staff members who	O
156	C-10	MA-ICR	8/19/2013	MOSS	Employees do not have adequate training to prepare and enter transactions with minimal errors.	Document expectations and requirements. Do not approve transactions that lack proper support. Provide additional training for staff to properly and accurately prepare transactions in order to reduce corrections made in the reviewing phase.	ASD-Accounting	Update and finalize the journal entry preparation and approval process.	Yes	N/A	8/30/2014	Staff has been trained on proper documentation to support the posting to the general ledger. Journal entry forms are standardized to simplify the review process. Prior to posting, review and approval process is in place to ensure that the journal entries are appropriate and that there	O
167	E-6	MA-ICR	8/19/2013	MOSS	Access to adjust accounts receivable balances is not appropriately restricted to authorized personnel.	Review access rights for recording adjustments and implement changes to system access levels. Alternatively, implement mitigating controls that would detect unauthorized adjustments (e.g., review monthly reports of all adjustments).			No	6/1/2015	N/A	A module owners meeting was set up by IT division to review the current module access in HTE. City staff reviewed other agencies module owners' roles and responsibilities. Working groups will be formed to assist IT division with the formulation of granting, maintaining and terminating access to the City's financial	H
187	H-7	MA-ICR	8/19/2013	MOSS	End-user computing knowhow should allow spreadsheet users to maintain accurate, complete, and timely spreadsheets.	Continue to conduct training for staff to improve Excel processing skills and knowledge on how to verify the completeness and accuracy of reports from HTE. Additionally, build these skills into employees' goals and job performance evaluations, so employees can be held accountable.		Look into and provide additional Excel training sessions. Train relevant staff on the Financial Monitoring Tool.	No	6/30/2015	N/A	In the past six months, additional training sessions have been offered for the Microsoft Office Suite including Excel. The concept of including Excel skills and reconciliation practices in the performance evaluations of applicable employees has been shared with the executive	J
188	H-8	MA-ICR	8/19/2013	MOSS	Information systems should provide management with necessary reports on the entity's performance relative to established objectives, including relevant external and internal information. Information is provided to appropriate positions in sufficient detail, and on time, to enable them to carry out their responsibilities efficiently and effectively.	Conduct a cost and feasibility assessment to determine solutions to increase functionality of the current system or consider a move to an alternative or supplemental system. Ensure that policies exist and are followed to ensure that key spreadsheets are saved on a shared drive that is frequently backed up. Develop critical reports needed for efficient and effective monitoring and management reporting.			No	3/30/2015	N/A	Moss Adams has completed their internal control review of IT operations. The final report was presented to the Audit Committee on 8/11/14, which included recommendations to strengthen controls and policies. An update will be provided at the next meeting.	L
190	H-10	MA-ICR	8/19/2013	MOSS	Closeout policies and procedures should exist based on industry best practices to ensure project acceptance by the owner and the transition of responsibilities from the project team to the maintenance team.	Document and follow proper capital project procedures to ensure all work on the project has been completed in a timely manner and at a level of quality in accordance with requirements, plans, and contract documents. This could be facilitated through the incentive of a lien release of project fees due to the contractor.		Work with the internal auditors to develop training schedule for pertinent staff.	No	N/A	6/30/2014	Staff is currently reviewing this finding and management response with the intent to adjust the direction of the City in addressing the core issue identified in the finding. An update will be provided at a future date.	B
191	H-11	MA-ICR	8/19/2013	MOSS	Employees are not provided relevant training to understand and adhere to internal controls and procedures. In addition, cross-training exists so in the event of turnover or absences, processes can continue.	Determine training needs. Develop and implement a training schedule to meet employee's needs.		Work with the internal auditors to develop training schedule for pertinent staff.	No	1/30/2015	N/A	The Internal Control Training project in the Internal Audit Plan was initiated in early 2014. An initial training was conducted in February 2014 by a Moss Adams training expert for the City's executive management team. A special City Council Study Session was also held on March 25, 2014 to provide this same training to the Council. The	F
192	I-1	MA-ICR	8/19/2013	MOSS	A system development life cycle (SDLC) methodology should be in place, which includes security and processing integrity requirements of the organization.	Update and/or develop policy and procedural documentation to help govern SDLC and change management processes. Policies and procedures are important because they communicate requirements how systems are intended to be developed, implemented and used, and provide guidance to technical staff regarding how systems should be administered. Policies are high-level directives developed by IT management and approved by non-IT management that help build and maintain the development effort. Procedures are specific activities to be followed regarding how systems will be secured and used by departments in the maintain process. Policies and procedures can serve as an insurance policy for the IT Department in the event any of its employees leave unexpectedly, as there will be documentation to support the organization which describes critical IT-related processes. Formalized policies and procedures can help to smooth a transition to new staff. Some of the different types of policies and procedures the IT Department should consider to build out the technology governance framework include: • Change Management Procedure – Covers the requirements for ensuring management approval before hardware, software, and configuration changes are applied to	ASD-IT		No	8/31/2016	N/A	See update for item #272	L
193	I-2	MA-ICR	8/19/2013	MOSS	Requests for program changes, system changes, and maintenance (including changes to system software) are standardized, documented, and subjected to formal change management procedures.	Provide internal users a status dashboard or similar communication vehicle to provide status of current change requests. The goal of change management, from a process perspective, is to ensure that any change does not lead to reduced or compromised system security or reduced integrity of database information. The primary purpose is to make all changes subject to detailed requirements documentation and auditing. This allows key stakeholders to oversee alterations of every aspect of the system, including hardware configurations, operating systems, databases, and applications. Changes are implemented in a monitored, orderly manner which undergoes a formalized testing process to verify that the change produced expected results. Most importantly, users are informed of changes before they occur to prevent loss of productivity. The use of a status dashboard will allow internal requestors to see the overall status of their changes from initial submission through closeout. IT should allow users who submit change requests to have the ability	ASD-IT		No	1) 10/15/2014 2) 1/31/2016	N/A	See update for item #272	L
194	I-3	MA-ICR	8/19/2013	MOSS	There is not a segregation of duties between IT staff responsible for moving a system into production and the IT staff involved in the development of that system.	Implement mitigating controls such that additional audit logging occurs when code deployment is performed by the developer. Logging tools will allow management to review who made the modification to the production environment, the time of the change, and what was modified. Given that some IT groups may not have sufficient staff, they are encouraged to use deployment staff that did not have direct participation in the implementation of the change to migrate the change to the production environment.	ASD-IT		No	1/31/2016	N/A	Moss Adams has completed their internal control review of IT operations. The final report will go before the Audit Committee on 8/11/14, which will include recommendations to streghten controls and policies. An update will be provided at the next meeting.	L

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195	I-4	MA-ICR	8/19/2013	MOSS	Vendor policies and procedures should be established and due diligence should be appropriately conducted.	Develop and implement a process for conducting due diligence reviews for the service providers used by all groups. Due diligence helps to reduce the risk that a vendor will not be able to continue as a viable business partner, and to ensure that service contracts specify sufficient technology controls for confidentiality, integrity, and availability of data, and provide metrics for measurement of service provider performance. IT should apply best practices with respect to due diligence reviews to ensure that the services provided meet agreed-upon service levels. IT should conduct reviews of service providers to provide transparency to the Executive Steering Committee over IT governance. Who conducts the review should be determined at the onset. If the services are strictly monitored by the City, then an owner of the service provider relationship should be from the City. If the services are monitored by IT, then the owner of the service provider relationship should be from IT. The results of the review should be communicated to both City management and IT. At a minimum, a review of service categories should be conducted examining the following: • Performance that is outside of established tolerance levels and the possible causes for the reduced performance. • Operational maturity compared to desired state. • Compliance violations. • Whether service level metrics targets have been consistently met.	ASD-IT		No	6/30/2016	N/A	See update for item #274	L
196	I-5	MA-ICR	8/19/2013	MOSS	A review of services, including security, availability, and processing integrity, should be performed for service level agreements and related contracts with third party service providers.	Develop appropriate service provider contracts and procedures. Organizations must manage ongoing delivery and enhancement of services. Strong service relationships require that requirements and shared expectations are clearly communicated and documented for both external and internal contracts. Service provider procedures will ensure that ongoing requirements and communications between the parties are proactively managed. IT should develop service procedures to formally define what services vendors provide to the City's management and functional groups. At a minimum, these procedures should include: • Defining the list of services under consideration. • Defining the objectives and goals for each service. • Developing a services map for each service, identifying the required service level agreements (SLAs), operating level agreements (OLAs), and resulting contracts for each defined service. • Using the services map to identify the required SLAs or OLAs for the service. • Drafting initial agreements and ensuring that the underlying contracts support the SLAs as defined.	ASD-IT		No	6/30/2016	N/A	See update for item #275	L
197	I-6	MA-ICR	8/19/2013	MOSS	Application software, databases, and operating system patches are not maintained and up-to-date.	Consider upgrading the existing system to support newer application versions provided by SunGard. The IT Department should develop and prioritize the replacement plan for applications, databases, and operating systems which have been placed on the EOL list to avoid any potential disruption in services. Use of outdated software applications presents an inherent risk in the event the software ceases to function or is unable to be repaired if an incidental change was made.	ASD-IT		No	6/30/2015	N/A	See update for item #287	L
198	I-7	MA-ICR	8/19/2013	MOSS	Password policies and procedures should exist for specific systems and applications and are adequate for appropriate authentication of users to the systems.	Configure all normal user accounts to enforce password changes per standard enterprise-wide policy. In addition, IT should review all user accounts that have the "do not expire" setting checked, and remove it. For service and training accounts, it is acceptable to operate passwords that do not expire according to the normal password policy, as password expiration could interrupt availability of some systems. Any account that is tied to an individual user should have the	ASD-IT		No	9/30/2015	N/A	See update for item #284	L
199	I-8	MA-ICR	8/19/2013	MOSS	The City does not have adequate procedures and controls in place in case of an IT emergency, requiring an override of normal controls.	Finish developing the disaster recovery plan and deploy appropriate associated processes. A DRP should be comprehensive in scope, covering staff roles and responsibilities, manual workarounds, system recovery steps, data restoration procedures, makeshift business operations, and testing procedures. This will help ensure that the DRP is in line with business continuity requirements. It was noted that a business impact analysis (BIA) has not been completed that is applicable for all applications, databases, systems within the City's enterprise. A BIA results in the differentiation between critical (urgent) and non-critical (non-urgent) organization functions/activities. While IT may be able to determine which systems are deemed critical, during a recovery effort, there may be a number of systems that need to be recovered first in order to fully restore a business process. A BIA can help determine prioritization of system recovery as well as help determine maximum tolerable downtime (MTD), recovery time objectives (RTO), and recovery point objectives (RPO). Unless the business units and management are included in the BIA process, there is a	ASD-IT		No	12/31/2015	N/A	See update for item #279	L
200	I-9	MA-ICR	8/19/2013	MOSS	The City does not have a project management life cycle (PMLC) methodology, which guides the approach to managing IT-related projects.	Continue efforts to formalize a standard project management methodology. Project management is employed to keep a development project on target and moving toward the goal of completion. Often, this is structured using life cycle models to direct the system development process. Using formalized lifecycle models helps ensure adequate implementation practices and the embedding of security and data integrity in each stage of the project's development. IT should formalize the minimum set of core project management activities to be used for each project, including: • Key stakeholders roles and responsibilities. • Proper project plans. • Functional requirements definition. • Ongoing project management and trouble shooting. • Reporting. • Project deliverables, including timing. • Conceptual definitions.	ASD-IT		No	12/30/2015	N/A	See update for item #276	L

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201	I-10	MA-ICR	8/19/2013	MOSS	The City does not have a project management life cycle (PMLC) methodology, which guides the approach to managing IT-related projects including the use of project charters, methodologies, and artifacts.	Develop a formal project management checklist documenting the standard artifacts for each project. Project management is defined in the Project Management Institute's *Book of Knowledge* (PMBOK) as the application of knowledge, skills, tools, and techniques to perform the activities indicated by the project requirements. Project management requires the balancing of competing demands of scope, cost and time resources, and quality. IT has taken the initial steps for identifying key PMLC process items, but should continue their efforts on refining the required PMLC artifacts for all projects, including a formal project management checklist. The communication needs of the project stakeholders can be taken into consideration along with the scope of the project when using a checklist. The checklist should be scalable to different sized projects, yet include the required minimum artifacts to support the project through to completion. In general, the PMLC checklists should include the following, along with example owners: • Feasibility and user cases: Project Owner. • Project scope and project charter: Project Owner and Project Manager. • High-level architecture documentation: Project Manager. • Functional specification, design, design review: Systems Architect. • Statement of work (SOW): Project Manager. • Systems configuration, development, testing strategy: Systems Architect. • Test plans (unit, integration, performance, regression, user): Test Analyst	ASD-IT		No	12/30/2015	N/A	See update for item #276	L
202	I-11	MA-ICR	8/19/2013	MOSS	All important aspects of financial systems development, implementation, operations, and maintenance (system development life cycle) should be overseen by qualified management personnel.	Continue to develop opportunities within the IT Department and educate personnel on these opportunities as budget for staff development exists. Talented people naturally want to get ahead and advance in their careers. They tend to seek out new challenges and welcome them as a way to prove their worth to the organization and for their own satisfaction and professional growth. In order for the IT Department to retain talented personnel, employees need to have a meaningful career path, with the emphasis being on meaningful. This means employees, not just HR or management, clearly see the benefits in the advances and opportunities available to them. The City should remember that the value derived from new hires is only realized if the employee is retained long enough to tap all of their resources. The questions the IT Department needs to ask itself are: • Are there real career opportunities available? • Are they visible to employees? • Are there structures that facilitate internal career moves? • Is a career path defined for each position? In order to answer all of these questions in the affirmative, the IT Department will need to change the way personnel feel about the career paths available to them. Career paths do not have to be based on technical proficiency and past performance. Instead the paths should look at the potential of the individual. This would mean the IT Department looks at the interests, experience, education, and skills of their employees and executes these in ways not previously used in order to engage employees now and in the future. For example, those seeking to move up to management ranks could be currently	ASD-IT		No	2/28/2016	N/A	See update for item #280	L
203	I-12	MA-ICR	8/19/2013	MOSS	Risk assessments should be conducted regularly by groups within IT to identify potential threats to the entity.	Perform regular risk assessments in order to account for changes to the IT environment and systems, and to provide management with more accurate and timely information. The objective of performing regular risk assessments is to identify, quantify, and prioritize risks against criteria for risk assessment and objectives relevant to the IT department. A formalized risk assessment should be conducted annually or whenever a major system change occurs. By performing regular risk assessments, the City will be better prepared and have better insight into the risks and threats posed to technology assets in need of protection, as well as understanding the risks from IT security failures, which may cause a loss of information integrity, confidentiality, or availability. There are many risk assessment frameworks available. These include: • Common Object Request Broker Architecture (CORBA). • Factor Analysis of Information Risk (FAIR). • Operationally Critical Threat, Asset, and Vulnerability Evaluation (OCTAVE). • Threat Agent Risk Assessment (TARA). • The National Institute of Standards and Technology Risk Management Framework (NIST RMF). Each of these has its advantages and disadvantages and it will be up to the IT Department to find the right fit for its needs. However, TARA and FAIR are	ASD-IT		No	7/31/2015	N/A	See update to MA IT #8, Item No. 278	L
209	2012-01	12 SAS115	12/9/2013	PUN	There is a substantial doubt about the City's ability to continue as a going concern through June 30, 2013. The City's bankruptcy filings and Pendency Plan notified debt creditors that the City would enter into default on the following debt and contractual obligations beginning in fiscal year 2012-13: • 2003 Series A and Series B Certificates of Participation (Redevelopment Housing Program) • 2007 Series A and B Pension Obligation Bonds • California Department of Boating & Waterways (Stockton Downtown Marina) • Howard – Jarvis Settlement	The City has hired consultants and legal experts to assist the City's new management team to work through the bankruptcy proceedings and develop other cost savings measures in order to enter a Plan of Adjustment that will return the City to financial health. City staff and management should continue to work as expeditiously as possible to return to financial solvency. This single issue remains the City's top priority.	ASD/CM	The City agrees with the findings and recommendation. The City as part of its Chapter 9 bankruptcy protection is working with all of its significant creditors to return the City to solvency. The City has filed with the United States Bankruptcy Court its "Plan for the Adjustment of Debts" of the City of Stockton, California, dated October 10, 2013 (as amended November 15, 2013) and its "Disclosure Statement" with respect to the "Plan for the Adjustment of Debts". The Plan is scheduled to be heard by the United States Bankruptcy Court in March 2014. There is no other priority higher for the City than to emerge from bankruptcy with its creditors and begin the recovery process. For information see the City's website at: http://www.stocktongov.com/government/departments/manager/bankruptcy/default.html	Yes	N/A	10/30/2014	All audits on time effective 06/30/2014, Vanessa Burke	I

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210	2012-02	12 SAS115	12/9/2013	PUN	The City has experienced significant delays in the preparation and issuance of the 2012 basic financial statements and its Single Audit required under OMB Circular A-133.	The City's Finance Department should develop standard operating procedures to facilitate monthly and year end close process and the preparation of its basic financial statements. Because the basic financial statements are the responsibility of the City, it is in its own best interest to closely monitor the accounting process to ensure that financial position and operating results are accurately and timely reported. The following steps could be used to avoid future delays: • Assign qualified accounting personnel in handling complex transactions; • Identify critical due dates and develop a listing of assignment, including department coordinated items, based on available resources to meet those due dates; • Hold periodic meetings to monitor the progress of assignments and responsibilities; and • Conduct management review of financial statements and audit schedules prior to presenting them to the auditors.	ASD-Accounting	The City agrees with this finding. In September 2011, the prior Chief Financial Officer completed a written evaluation of the Administrative Services Department which was updated in the 2013-14 Budget to include the addition of one Financial Accounting Supervisor. The new management team brings increased expertise in technology, auditing and financial reporting. Additional finance personnel have been added in each division with expertise in those areas. Training is now being provided to existing personnel in areas of federal grants, accounting, accounting close, and documentation.

The antiquated accounting system was also identified by the City in its Citywide Technology Strategic Plan for replacement. City staff worked to develop an immediate term, low-cost fix for the antiquated reporting tools available. For 2012, an Excel based model was developed that can now produce the draft CAFR statements in a substantially shorter period of time and eliminates the inaccuracies of the former manual process and outdated reporting feature of the software. We anticipate this tool will facilitate a significantly faster 2013 audit and future audits. In addition, a request for proposal for a requirements analysis for the accounting system will be brought forward to City Council for approval in early 2014.

A new auditing firm is conducting audits of both fiscal year 2012 and 2013 without a break in order to get the City caught up on past due audits. We anticipate that the June 30, 2014 audit will be back on schedule and the City will return to normal timelines to complete a City audit (typical timeframe is six months from June to December). The firm is also assisting with getting the delinquent statutory filings to the State Controller's Office completed by December 31, 2013. | No | 12/31/2014 | N/A | Accounting division has developed an effective process to close monthly and year-end. Significant issue and part of the delay of issuing Financial Statements are due to number of vacancies in the division. The division is in the process of hiring qualified individuals to perform more complex tasks. In addition to hiring qualified staff members, a training schedule has been developed to increase knowledge and skills of incumbent accountants. Accounting senior management staffs are currently evaluating the process and have developed a more streamline process in simplifying and standardizing to eliminate unnecessary complexity and inconsistencies. The focuses now are on accuracy as opposed to speed and taking advantage of opportunities to improve accountability and control throughout the cycle. Additionally, the division had streamlined and optimized by appropriately sequencing work steps by eliminating bottlenecks, duplication of effort, and non-value added activities. Lastly, the process focused on leveraging existing technology. An efficient cycle does not need to be center around the latest and greatest technology, as the division currently experiencing. | O |
| 211 | 2012-03 | 12 SAS115 | 12/9/2013 | PUN | By the City reporting deficits in the ISF Funds, other funds and particularly the General Fund, which is typically the majority of the ISF Fund activity, have understated the liabilities and fund Balance (deficit) by the amount of the current portion of the long-term liability. | The City should quantify the impact of reporting the associated liabilities in the General and Other Funds and either: 1. Discontinue the use of ISF Funds and provide the accounting allocation of costs to other funds and the General Fund in order to manage these activities. 2. Continue the use of ISF Funds with the strong monitoring by the City management on a monthly basis to ensure that the ISF Funds are allocating costs to the appropriate funds. 3. Conduct an evaluation to determine if contribution rates on an annual basis sufficient to achieve a balanced fund balance with sufficient reserves sufficient to pay off liabilities as they come due over time. 4. "If a government does not intend to recover the full cost of providing goods or services, the use of an ISF Fund would not be appropriate." | ASD-Accounting | The City is in agreement with this finding and recommendation. Rate studies should be conducted and reserve levels should be established sufficient to pay off the liabilities over the period of their run out. The City should establish contribution rates from the respective funds that incurred the claim to pay that claim over the run out period discounted using the City's pooled cash and investment yield. We agree that these formal computations and studies have not been done historically and the City will work with the City's actuary to develop these models. During the budget process for Fiscal Year 2014-15 staff will bring back recommended funding level options to City Council for consideration.

The general fund uses the modified accrual basis of accounting and therefore only reports current liabilities. Thus it would only report the current portion of the long-term liabilities or those coming due within the next twelve months. The City does in fact report the short and long-term liabilities and deficits of these ISF Funds on a government-wide basis attributable to all governmental activities so that the reader may assess the impact to general operation. As of June 30, 2012, there are negative unrestricted net assets of $122.0 million as a | No | N/A | N/A | Same as #299 | O |
| 212 | 2012-04 | 12 SAS115 | 12/9/2013 | PUN | The City has established a document titled "Auditing Findings Response Tracking Report" (the "Report").

The Report displays findings identified by City management, State Gas Tax Audit, State Controller's Office (SCO) Audits, prior external audit firm, County Grand Jury Report and the City's Internal Audit. The findings in the latest Report totaled 125 items critical areas that the City needs to greatly improve. | We recommend the City work closely with the Internal Auditors to design, implement and maintain its system of internal controls using the Internal Control Framework as outline above. | ASD/CM | The City is in agreement with this finding and recommendation though it is not new information. The previous City Manager asked the City Auditor's Office to conduct a more robust and improved risk assessment process. It was identified by new management as one of the City's 37 Strategic Initiatives. Similar findings were issued by the City's prior external auditor for fiscal year 2011 in November 2012 and by the San Joaquin Grand Jury in May 2013 after the new management team brought the severity of the situation to their attention. The City has since contracted out the Internal Auditor role to Moss Adams LLP, a reputable CPA firm to conduct a full risk assessment and a review of internal controls. That work resulted in an 18-24 month scope of work that includes a complete evaluation and documentation of the City's design of internal controls, recommendations to change those internal controls, the establishment of policies and procedures, and training for senior management, city council and staff in internal controls. The work has been prioritized based on those business cycles that are of highest risk to the City for the risk of material misstatement to financial reporting. The work began in November 2013 in two of the respective areas—Revenue and Payroll. The result of the work will be implementation of new internal controls, new standards of operations, new policies, and subsequent testing to ensure they are working as planned. | Yes | 12/31/2014 | | The tracking report has been completed and is fully incorporated. | |
| 214 | 2012-06 | 12 SAS115 | 12/9/2013 | PUN | The financial systems employed by the City in managing its overall fiscal operations, including processing of billings and payments, preparation of financial reports, budgets, and analysis of trends are outdated and inadequate for a city the size of Stockton. | The City is strongly urged to begin the process of review of other software applications that are specifically designed for municipal entities and have the full functionality needed for a City of this size and complexity. These other software applications should be evaluated in light of their general acceptance in cities of this nature and size, the level of internal user support required to operate the software, the training required for users and the cost. | ASD | The City agrees with this finding. However, due to high technology costs and significant staff involvement of a new system implementation competing against the City's financial situation, it is unlikely the City will be able to purchase a new financial system in the near future. Management also concurs that regular reconciliation is an industry standard and will continue to be pursued and implemented as an operational standard. Until a new system arrives and is operationalized, the City will continue to operate in a manual mode without needed modern business analytics processes or tools. Following are the actions that will be taken by management:

1) Issue an RFP for a financial system's business requirements development vendor to select a software application that are specifically designed for municipal entities and will support the City's needs by the end of fiscal year 2014.
2) Work with the City's internal auditor to develop and implement monthly reconciliation policy, procedure, process, communication and standard practice within the City's key financial operation touch points over the next 24 months.
3) Complete the rollout to City departments of the City's internally developed Financial Monitoring Tool (FMT), an Excel based revenue and expenditure drill down tool by the end of fiscal year 2014. Provide follow-up training with all key | 1) No 2) No 3) Yes | 1) 11/30/2015 2) 12/30/2015 3) N/A | 1) N/A 2) N/A 3) 10/15/2014 | Replaced by 2014-04, See Item No. 96 | L |

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215	2012-07	12 SAS115	12/9/2013	PUN	The City did not complete year end closing procedures before presenting the trial balance to auditors resulting significant amount of journal entries being presented to correct or to reclass balances in financial statements in order to conform with accounting principles generally accepted in the United States.	We recommend that the City establish effective year end closing procedures that reduce the risk that there are accounting errors and the need for correcting journal entries after the year end closing. These procedures would include proper review of activity of transactions maintained in sub-ledgers not integrated with the City's main accounting system, proper cutoff review for account balances at a fund and overall government-wide level and revenue and expenditures/expense. Revenue and expenditures/expense should be compared to the prior year or prior year trends and to the budget.	ASD- Accounting	The City agrees with the finding. The City began hiring a new financial management team in 2011 with the required skills, expertise and knowledge of municipal finance. As cleanup efforts continue, improvements have been made in establishing and improving internal controls over financial reporting as follows: • Thorough review and segregation of duties in journal entry process. • Reorganization of the Accounting unit into two functional units: a Transaction Reporting Group and a Financial Reporting and Analysis Group. • The City's internal auditors completed a comprehensive, detailed City-wide risk assessment and identified those areas with highest level of risk and those with material weaknesses or significant internal controls deficiencies. • The risk and internal control assessment provides a roadmap for future improvements to the City's financial policies, procedures, internal controls, and training and is anticipated to take place over the next 24 months. • Management engaged the internal auditors to further review the areas identified in the risk assessment to document current procedures and processes and to recommend needed improvements. Included in the internal auditors work plan is a review with management of the monthly and fiscal year end closing procedures. Management will develop policies, procedures and checklists to further improve and reduce the risk of the material errors and misstatements in the financial statements.	Partial	12/31/2014		From the Monthly Close Report: Consistent with responses to Finding 1, the delay in the monthly close is caused by existing vacancies coupled with the high volume of processing journal entries and transactions. Despite these factors, the Financial and Operations Division has been able to improve the monthly close timing, however, not to the level desired. As identified in the Moss Adams report, ASD has evaluated and changed the timing of data entry of certain type of transactions from monthly to quarterly without sacrificing the quality of the financial data. Staff will continue to further evaluate timing and impact of other transactions to establish efficiencies, aide in alleviating volume, improve timing, and establish workflow measures. As an example, the high volume but low individual dollar impact of Financial Action Order Forms ("FAOF") result in numerous journal entries but in total rise to a material level and should be evaluated during the budget process. Staff will continue to work towards reducing the number of FAOF's through training and collaboration with the Departments and Budget to improve financial accuracy before the transaction is posted to the general ledger. In addition, the City's Finance and Accounting Operations Division is developing standard operating procedures along with a monthly checklist and calendar as recommended by the internal auditors for the monthly close. ASD is also working with Information Technology (IT) to evaluate processes that could be improved with automation and/or additional system training. We believe this will help in streamlining the monthly close process.	
218	2012-10	12 SAS115	12/9/2013	PUN	The City did not require review and approval for some journal entries, as shown in the audit tests that were tested. While another journal entry lacked supporting documents. The payroll journal entry is not reconciled to the payroll register prior to recording.	We recommend that the City review and approve all journal entries before they are recorded in the general ledger. And, an effective system maintain for journal entry support retention so that it may be accessible by management and others party who may be required to review the documentation. We also recommend that the City reconcile the payroll journal entry to the payroll register prior to recording.	ASD-Accounting/Payroll	The City agrees with the finding. In June 2013, Finance Management prepared written procedures for journal entries processing. The procedures address preparation, support, review, approval and posting to the City's accounting system. The new process in place provides for review and approval of all journal entries prior to entry into the general ledger. Accounting staff is being continuously trained and coached on appropriate journal entries supporting documentation. The City has a retention policy for accounting records including journal entries. However, improvements will be made in ensuring that journal entries are scanned and hard copies are maintained and accessible for review by others. Management will perform a review of current procedures and process of payroll journal entries and make necessary improvements prior to recording the entries in the accounting system.	Yes	N/A	7/1/2014	Journal entry procedures had been established for the timely posting to the General Ledger which clearly defines the workflow process and segregation of duties from requester, preparer and approval. System access was established in line with the process. Accounting management members continues to evaluate the nature of the journal entries and find solutions to streamline the process. Accounting management members is proactively or engaged in identifying issues and makes sure that department or requestors are properly trained on departmental approval process to avoid errors in posting. Per Vanessa Burke this has been completed.	
219	2012-11	12 SAS115	12/9/2013	PUN	The City has kept on its books for the past two fiscal years material amounts of uncollectible accounts receivable. The City should remove all uncollectible accounts receivable amounts.	We recommend that the City take necessary action to bring the delinquent accounts to City Council for authorization to remove all uncollectible accounts receivable amounts from their records and create policies and procedures for the criteria for when an amount is determined to be uncollectible.	ASD-Accounting/Revenue Services	The City partially agrees with this finding and recommendation. Management does agree with the removal of all old uncollectable accounts receivable amounts from both centralized and decentralized accounts receivable systems and subsidiary systems. First, management needed to make a valid and good faith attempt to collect all possible accounts due to the pending bankruptcy filing. Management also hired an outside collection agency to assist with these collection efforts. Only after exhausting collection efforts will the write-off be performed. Responsible billing departments received guidance on the requirements of the City Council Policy 700-3 in October 2013 and were requested to submit their write-off recommendations (with appropriate supporting documentation) in accordance with the Policy to the Administrative Services Department by November 15, 2013. Under the Policy, the next step is for the CFO to notify the City Council with the receivable write-off amounts and justification for the write-off. This is anticipated to occur in spring 2014. Subsequently, the City will perform audits of all billing systems to ensure the	No	1/31/2015	N/A	A memorandum has been prepared by Administrative Services Department to notify the City Council of the write-off of a total of $10,530,855. The total projected write-off reported, is as of December 31, 2012. Because there is an inherent risk that some accounts might default on payment, it is a Generally Accepted Accounting Practice (GAAP) to record accounts receivable at net realizable value. The portion of the accounts receivable that is estimated to be uncollectible is set aside in an Allowance for Doubtful (Uncollectible) accounts. The allowance as of June 30, 2012 was $18,146,094. The disposition of these accounts will have no effect on the City's stated financial position. Ryan Pham 1/27/2015	O
220	2014-01	MA-REV	6/9/2014	MOSS	Without formally documented procedures that are used to train all employees and hold them accountable, division management is less able to ensure that processes are being performed as directed, and employees are less confident in their duties. Additionally, through employee turnover, institutional knowledge can be lost if procedures remain undocumented.	Revenue Services should continue its efforts to formally document all of its procedures in a comprehensive manual. Following manual development, Revenue Services management should ensure that staff is consistently trained on the procedures within the manual and held accountable to its standards. The manual should be periodically updated, with staff input, as changes in processes, internal controls, and/or systems are made.	ASD - Revenue	The standard operating procedures will be updated on an annual basis and when there are pertinent changes in the current processes, internal controls and/or systems as needed.	No	3/31/2015	N/A	Treasury, Business License, and Accounts Receivable SOP drafts are currently in revision process – New SOP's are being added as completed as this is considered a living document. City-wide Collections is still in progress and about 60% complete. Also, an operational supervision/manager binder was put together to assist Revenue Services manager and supervisors with City policy, Stockton City Employees Association Memorandum of Understanding and City of Stockton Civil Service Rules and Regulations for Miscellaneous	A
226	2014-07	MA-REV	6/9/2014	MOSS	PayPal account access is not adequately monitored.	Revenue Services should create and implement a policy for granting, monitoring, and terminating access to the PayPal account. Additionally, Revenue Services should create and implement a policy for void transactions within PayPal.	ASD - Revenue/Information Technology	Revenue Services will work in conjunction with the Information Technology Division to develop a written procedure and will identify the granting, monitoring and access to the PayPal account in the second quarter of 2014.	No	12/31/2015	N/A	A module owners meeting was set up by IT division to review the current module access in HTE. City staff reviewed other agencies module owners' roles and responsibilities. Working groups will be formed to assist IT division with the formulation of granting, maintaining and terminating access to the City's financial	A
227	2014-08	MA-REV	6/9/2014	MOSS	Alarm permit payments are not endorsed immediately upon receipt within the Fiscal Services Division of the Police Department.	Checks received by the Fiscal Services Division of the Police Department for alarm permits should be restrictively endorsed immediately upon receipt and, if possible, the number of days between receipt of checks and deposit should be reduced.	Police	Management will review its current procedures and continue to implement and enforce the endorsement of alarm permit payments.	No	12/31/2014	N/A	In November 2014, approximately 6,500 alarm permit renewal applications were mailed to those property owners/tenants that had an alarm permit set to expire on 12/31/14. Given the volume of daily intake and research required as a result of this mailing, this finding has not yet been corrected. We are working with affected staff to implement a reconciliation process and written procedure as the staff involved hold separate job functions. The goal is to streamline this new process into the routine tasks with minimal obstacles. (Erin Mettler, 1/27/2015)	A
228	2014-09	MA-REV	6/9/2014	MOSS	Alarm permit payments are not reconciled between processing and deposit.	The Police Department should perform a daily reconciliation of the permits database and the alarm permit deposit.	Police	Management has recently completed cross training of its employees on the alarm permit system and will incorporate a reconciliation process between the permits received and deposits made into its alarm program procedures.	No	12/31/2014	N/A	In November 2014, approximately 6,500 alarm permit renewal applications were mailed to those property owners/tenants that had an alarm permit set to expire on 12/31/14. Given the volume of daily intake and research required as a result of this mailing, this finding has not yet been corrected. We are working with affected staff to implement a reconciliation process and written procedure as the staff involved hold separate job functions. The goal is to streamline this new process into the routine tasks with minimal obstacles. (Erin Mettler, 1/27/2015)	A

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230	2014-11	MA-REV	6/9/2014	MOSS	CDD Permit Counter Management does not have a process to ensure that permit fees charged are accurate.	Establish a formal policy for review of changes to the permit fee structure and implement a sample-based system for ensuring permit charge accuracy.	EDD	1) A policy will be written that will require a review and concurrence by other departments for any changes that will be made to any fees that CDD updates and collects on their behalf. 2) The fee consultant and CDD have been working in tandem to completely overhaul all of the Development Services fees. Most, if not all of the ambiguity in the fees calculation should be eliminated by converting to the new valuation based fee structure for building permits. We anticipate the results of the development fee restructure to go to Council in mid-year, fiscal year 2014-15.	Yes	N/A	N/A	To address other department fees, a Memorandum of Understanding with the Municipal Utility Department, Public Works Department, and the Fire Department was provided to each department. The Community Development Department has obtained signed Memorandum of Understanding from each department. All Memorandum of Understanding agreements were in effect by November 1, 2014. Anytime a fee amount needs to be revised, the Community Development Department will forward a copy of the updated fees to the appropriate department for their review and to confirm the accuracy of the fee amount. Related to the Community Development processing fees, a fee consultant and Community Development Department have been working in tandem to overhaul all Community Development processing fees. If adopted, the proposed new fee structure should provide greater transparency and consistency through fee simplification. We anticipate the conclusion of the Community Development processing fee restructure to go to Council during the budget cycle for fiscal year 2015-16. Additionally, the implementation process for the new permit tracking software has begun as of July 2014. The implementation will be complete in Fall 2015. When coordinated with the revised fee schedule, this new system will help to reduce the complexity of the permit process while the making the linkages to fees more readily understood. This should result in consistent outcomes for permit issuance. An automated reporting capability will be implemented in the permit software to identify exceptions and outliers as permits are issued. Furthermore, this	H
239	2012-11	SA12	4/8/2014	PUN	Payroll charges for Housing Activities are based on predetermined allocations. A large portion of Housing activities are funded with federal awards which are subject to OMB Circular A-87, Cost Principles for State, Local. and Indian Tribal Governments. This regulation requires the use of contemporaneous time keeping records as a basis for charging direct labor costs to federal awards. The use of allocations is permitted if time studies conducted in accordance with requirements of OMB Circular A-87 are conducted and allocations are trued up.	We recommend the City review OMB Circular A-87 and employ those requirements as they relate to direct labor costs charged to federal award programs.	EDD	1) Work with the Indirect Cost Plan consultant and City's Internal Auditor to improve the activity based costing currently used by the City for charging payroll costs to federal programs. 2) Issue a Request for Proposal (RFP) to hire a consultant to evaluate the City's overall cost allocation methodology as well as prepare the indirect cost plan that complies with OMB A-87. 3) Perform annual true up for non-housing staff charges. 4) City's internal auditors will perform a review of the City's overall grant management and indirect cost allocation. This work is expected to begin in the late spring of 2014	Partial	1) 11/30/2015 2) 11/30/2014 3) N/A 4) 12/30/2014	1) N/A 2) N/A 3) 6/30/2014 4) N/A	The City's current indirect cost allocation plan consultant has finalized the fiscal year 2011-12 OMB A-87 cost plan. The City engaged its current consultant to prepare fiscal year 2012-13 cost plan.

In addition, staff will be taking to City Council a request for authorization later this fall to issue a Request for Proposal (RFP) to hire a consultant to evaluate the City's overall cost allocation methodology as well as prepare the indirect cost plan that complies with OMB A-87. The RFP to hire a consultant will also include work to develop a system that supports best practices and complies with federal regulations as it relates to time sheet data collection.

In the interim, staff completed a thorough review of time sheets and informed departments on the importance of substantiating payroll costs charged to federal programs. In the future, an annual true up will be performed for non-housing staff charges. Housing program employees report and charge actual time worked using the City's payroll time sheets. In addition, the City's internal auditors will perform a review of the City's overall grant management and indirect cost allocation as part of the internal audit plan. A report is expected to be issued by the end of December 2014. | O |
| 257 | 3.2 | SCGJ-BRN | 5/19/2014 | SCGJ | The City of Stockton has no policies or procedures established to provide volunteers working for a mayor or council member with instructions on City policies, procedures, and directives related to access to computer files and the internet. | None | CM | The respondent disagrees partially with this finding. The City's policy 200-2 establishes guidelines for all volunteers. The City does not have a policy specifically for volunteers who work directly with the Mayor and the City Council members. However, the current policy relates to and includes all those who volunteer inclusive of all capacities.

In addition, the City has requested that the City Auditor assess whether a distinct policy should be developed for volunteers working for the Mayor or Council. | No | 4/31/2015 | N/A | The assessment for the need of a distinct policy for volunteers of the Mayor and Council has been delayed in order to align it with a review of City policy 200-2 that is scheduled for Spring 2015. Recommendations from Moss Adams related to this topic will be implemented in conjunction with the update to 200-2. (Christian Clegg, 1/25/2015) | K |
| 259 | 1 | MA-PAY | 4/4/2014 | MOSS | Payroll staff is operating with limited resources and a lack of mid-level management. | The Administrative Services Department should finalize its recruitment of an experienced payroll services supervisor and ensure payroll staff is dedicated solely to payroll duties. | ASD - Payroll | The recruitment process for hiring a Financial Services Supervisor was postponed to allow for review of the job specifications and to perform a wage and salary study. ASD is working with HR to complete this task which involves several layers of review and final approval by the Civil Service Commission. Once approved the position will be re-advertised. Once filled, we feel it will provide for the added supervisory review and approval and create required segregation of duties. | Yes | 1/30/2015 | N/A | The recruitment for Payroll Supervisor was completed. The incumbent will serve as a unit supervisor, under the direction of the Accounting Manager, will oversee payroll. In addition, payroll technicians have been added to the payroll unit for proper staffing. Edwin Gato, Acct. Mgr., 02/10/2015 | |
| 260 | 2 | MA-PAY | 4/4/2014 | MOSS | The Payroll office and confidential information within the Payroll office is not always physically secure. | The door between the payroll office and accounts payable should be secured at any time that the payroll office is not occupied, keys to the payroll office doors and locking file cabinets should be limited to authorized employees, and all confidential information should be stored in locked file cabinets when not directly being used for work purposes. | ASD - Payroll | Inform Payroll personnel to be more careful about securing and locking the door to the Payroll office when there is no staff available during normal business hours. Lock the door at the end of the business day to ensure that non Payroll staff does not have access to employees' confidential information.

Discuss with staff the importance of keeping confidential information stored away and locked when not directly being used. | Yes | 8/30/2014 | N/A | The door between the Payroll office and Accounts Payable is open during normal business hours only. As soon as internal auditors pointed out the deficient physical security, Payroll personnel became more careful about securing and locking the door to the Payroll office when there is no staff available during normal business hours. Otherwise, the door is locked at the end of the business day to ensure that non Payroll staff does not have access to employees' confidential information.

Management has discussed and emphasized to staff the importance of keeping confidential information stored away and locked when not directly being used. In addition, staff was directed to be more cognizant and protective of sensitive information on their desk and computer screens when non payroll staff is present. | H |
| 261 | 3 | MA-PAY | 4/4/2014 | MOSS | There is not sufficient segregation of duties or monitoring of employee pay entry within the Payroll unit. | The Human Resources Department should enter all Status/Position data and Payroll Unit staff should no longer be able to modify this data. | ASD - Payroll/Human Resources | Work with HR to strengthen segregation of duties and develop a plan and determine resources necessary to transition the responsibilities to HR. | No | TBD | N/A | Continued effort between ASD and HR is on-going to develop internal control process in all areas of payroll. Meetings have been set-up frequently to ensure proper controls are in place. Roles and responsibility has been defined to have proper segregation of duties between two departments. Edwin Gato, Acct. Mgr., 02/10/2015 | |

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263	5	MA-PAY	4/4/2014	MOSS	The Payroll unit is not fully reconciling information received from departments to ensure the City's record of employees is current and accurate.	Payroll Unit staff should review information received on the returned employee listing from divisions and departments each pay period and investigate issues, in conjunction with the Human Resources Department, to endure the City's record of employees is current and accurate.	ASD - Payroll/Human Resources	Communications between the Payroll unit, departments, and HR should be improved to ensure the City's record of employees is current and accurate. This will take a concerted effort by all parties. The Department Payroll User Group (PUG) meetings can serve as a forum for discussion and development of the reconciliation process.	No	6/1/2015	N/A	Policy and procedure have been drafted for separation of duties but has not been approved or implemented formally. There are still some technical issues that need to be resolved to separate certain functions.	
264	6	MA-PAY	4/4/2014	MOSS	The Human Resources Department is not formally documenting modifications and clarifications to the City's payroll and time sheet policies and procedures.	The Human Resources Department should formally document and clearly communicate any clarification or modification it makes to the City's payroll and time sheet policies and procedures.	ASD - Payroll/Human Resources	The Payroll unit, HR, and Payroll User Group (PUG) will review Administrative Directive FIN-04 to determine if current payroll practices is in line with the directive. The directive will be updated to reflect procedural changes communicated in the prior PUG meetings. Any future payroll related changes discussed in the PUG meetings will be formally documented and communicated.	No	12/31/2015	N/A	The Directive Fin-04 has not been reviewed in a Payroll User Group (PUG) meeting. Estimated completion date 12/31/15	
265	7	MA-PAY	4/4/2014	MOSS	The Human Resources Department's secondary review of new employee set-up or employee changes is not being documented.	The employee performing secondary review of new employee set-up or employee change data entry should initial and date the Personnel Action Form to document the completion of the review.	Human Resources	1) HR staff will begin documenting secondary reviews immediately. 2) HR will undertake an internal review of all types of changes that occur and are entered by HR. Upon completion of that assessment, HR will determine if current staffing levels will support any additional secondary review requirements and act accordingly. 3)HR's personnel transaction policy will be updated to incorporate the secondary review process and documentation.	Yes	N/A	10/29/2014	1. HR is documenting secondary reviews as of July 2014 by signing off on the personnel transaction form by both the primary and secondary reviewer. 2) Review of the secondary review process was conducted with staff and workloads have been arranged to accommodate. This will incur an overtime cost for the City due to increase in the workload, but not significant enough at this stage to warrant additional FTE's. 3) Human Resources Administrative Directive HR 03 has been updated to reflect the change in processing and delivered to the City Manager's Office for signature. Human Resources internal policy document has also been updated to reflect these processing changes.	
266	8	MA-PAY	4/4/2014	MOSS	The Police Department is not maintaining a thorough record of employees' access levels within their timekeeping system (SETS).	The Police Department should obtain and audit a record of all persons with access to SETS and their associated access and approval rights within SETS. The Police Department should establish and implement a procedure for granting, maintaining, and terminating access to SETS that ensures employee access levels are appropriate to job duties at all times.	Police	1) The Police Department has made a request to the developer of the Stockton Electronic Time Sheet (SETS) program to create a report documenting access level by username. This report will be used to track and validate that proper levels of access are granted based on job title and section responsibilities. 2) Staff will also put into place a policy for requesting access level changes and determining appropriate access based on job classification.	Yes	N/A	12/15/2014	The SETS access policy was updated and approved on 11/30/2014. A report of current users and their access levels was prepared, reviewed and changes made to bring all user access levels in line with the policy. All changes were completed as of 12/15/2014. (Erin Mettler, 1/27/2015)	A
269	11	MA-PAY	4/4/2014	MOSS	The Recreation Division of the Community Services Department is not using the employee listing process to communicate to the Payroll unit, which of its many part time employees are inactive or no longer employed.	The Recreation Division of the Community Services Department should reconcile the employee listing provided by the Payroll Division against its internal database of part-time employees and provide feedback to the Payroll Division.	Community Services	1) Develop an internal procedure to review employee status on a regular basis. 2) Develop an internal procedure to define an interval of paycheck inactivity that would be appropriate for Library and Recreation operations, after which a part-time/temporary employee's status would be changed.	Yes	N/A	9/1/2014		
270	12	MA-PAY	4/4/2014	MOSS	The Public Works Department's Microsoft Access time tracking system was created and is managed by one person.	The Public Works Department should cross-train at least one other employee on the management, modification, and maintenance of its time tracking system and document detailed procedures related to its operation immediately.	ASD - Payroll	In order to perform complex administrative actions, an employee would need to have Microsoft Access Visual Basic for Applications (VBA) knowledge. It is not practical to train another employee in this software, and Microsoft Access is not supported by IT. PW recognizes the potential risks with the current system; however, there are several initiatives currently in process that may provide a longer term solution. 1. PW is currently in the process of implementing a Computerized Maintenance Management System (CMMS) over the next 18 months. Staff is currently reviewing the CMMS' capabilities to interface with HTE to generate payroll data automatically. 2. The City is discussing transition to a state of the art financial system that will presumably have a payroll function that will meet the department's needs. The transition to a new financial system will be a long term project to implement. Should the Time Tracking system fail, PW administrative staff also has the capability to manually enter the payroll data into HTE. This is the process that would be in use if the Time Tracking system did not exist.	Yes	N/A	8/11/2014	FINDING CONSIDERED CLOSED DUE TO THE DEPARTMENT'S BUSINESS DECISION TO NOT TRAIN ANOTHER EMPLOYEE AND THE SEVERAL INITIATIVES ALREADY IN PROCESS.	
271	1	MA-IT	8/4/2014	MOSS	There are no formal system development life cycle (SDLC) policies and procedures for most of the City's applications, systems, and infrastructure.	IT should continue to develop and refine policy and procedural documentation to help direct SDLC and change management processes. In addition, they should implement mitigating controls such that additional audit logging occurs when code deployment is performed by the developer.	ASD - Information Technology	1) A staff report will go before City Council in mid-October 2014 to obtain approval to release an RFP to purchase a robust Information Technology Service Management (ITSM) help desk solution. (no longer proposed as solution to this finding) 2) Staff will develop an SDLC Framework with written Policy and supporting documents. The Policy and documents will be posted on the IT Department's System Development Life Cycle intranet page.	Yes	N/A	3/11/2015	The IT Department has developed and implemented a System Development Life Cycle (SDLC) framework along with associated documents, templates, forms, and diagrams to be used for managing IT systems. All documents are included in a standardize workflow process. The framework provides a phased model of a hardware/software project and depicts the relationship among activities, products, reviews ,approvals, and resources. Change is formally managed through a Change Management process to insure proper monitoring and controlling process during each SDLC phase. The supporting documents guide system development from concept to disposition and include Concept Proposal, Functional Requirements, Project Charter, Change Management Plan, Testing, and Post-Implementation Review. The framework and documents are available for Citywide use on the IT Department's System Development Life Cycle intranet page (http: //it-cos I intranet/Project lifecycle/sdlc . html). Jim Limbaugh, 3/17/2015	
272	2	MA-IT	8/4/2014	MOSS	Requests for program changes, system changes, and maintenance (including changes to system software) are not standardized, documented, and subjected to formal change management procedures.	IT should provide internal users with a status dashboard or similar communication vehicle to view or receive current status information on change requests. Changes should be implemented in a monitored, orderly manner that undergoes a formalized testing process to verify that the change produced expected results.	ASD - Information Technology	1) A staff report will go before City Council in mid-October 2014 to obtain approval to release an RFP to purchase a robust Information Technology Service Management (ITSM) help desk solution. 2) The new ITSM solution will include either a status dashboard or similar communication vehicle.	No	8/31/2016	N/A	Agenda item #14-0274, on 11/18/14 Council calendar, is a request to issue an RFP to acquire an Information Technology Service Management system (ITSM) which will include capability for tracking change management processes. Dependent upon City Council action, the ETA to have software solution in place is 8/31/16. Jim Limbaugh, 02/20/2015	

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274	4	MA-IT	8/4/2014	MOSS	Vendor policies and procedures have not been established to address vendor performance, especially with respect to service level agreements (SLAs).	IT should develop and implement a process for conducting due diligence reviews for the service providers used by all IT groups. IT should conduct reviews of service providers to provide transparency to the Executive Steering Committee over IT governance. Results of the review should be communicated to City Management and IT.	ASD - Information Technology	1) IT staff will collaborate with Purchasing to implement due diligence reviews for service providers, including the development of Policies and Procedures to monitor Service Level Agreements (SLA's). Commencing in July 2014 staff will begin vendor performance reviews for major service contracts currently in place e.g., contracts with annual cost greater than $50,000. This practice will be expanded as resources and systems become available. 2) Additionally, staff will specify in each SLA the requirement that significant controls for confidentiality, integrity, and availability of data remain intact. 3) In coordination with Purchasing, IT will implement the use of metrics for measurement of service provider performance. Beginning in June 2016, staff will conduct quarterly reviews regarding vendor compliance and report to Stockton Technology Oversight Committee (STOC).	No	6/30/2016	N/A	Staff is currently in the planning stage. Tasks have not been started. Completion estimated to be June 30, 2016, as previously reported.	
275	5	MA-IT	8/4/2014	MOSS	A review of services, including security, availability, and processing integrity, is not performed for service level agreements and related contracts with third-party service providers.	IT should develop service procedures to formally define what services vendors provide to the City's management and functional groups. Service provider procedures will ensure that ongoing requirements and communications are actively managed.	ASD - Information Technology	1) IT will develop procedures that will ensure the monitoring of Service Level Agreement (SLA's) and Operating Level Agreements (OLA's). 2) One of the first steps in the process for developing the SLAs and OLAs is developing the Workflows for each of our services. IT has drafted workflows for Service Access Requests and Telecommunications Requests, and has identified eight additional workflows that will be completed by June 2016.	No	6/30/2016	N/A	IT management will identify a key person responsible for this task to identify and document all of the technology related services provided by 3rd-party service providers and this person will create the necessary procedures and processes to track and monitor the agreements and performance of the 3rd-party vendors. It would be expected that this program would be operational by 6/30/16.	
276	6	MA-IT	8/4/2014	MOSS	The City does not have a complete and consistent project management life cycle (PMLC) methodology, which guides the approach to managing IT-related projects including the use of project charters, methodologies, and artifacts.	IT should continue efforts to develop and implement a standard project management methodology to keep projects on target and moving towards completion. Formalized life cycle models should include the embedding of security and data integrity in each stage of development. IT should formalize the minimum set of core project management activities to be used and develop a checklist documenting the required artifacts for each project.	ASD - Information Technology	While staff has been using Project Charters since 2012, a formal Project Checklist has not been developed. a project checklist will be developed by December 2015.	Yes	N/A	3/11/2015	The IT Department has developed and implemented a System Development Life Cycle (SDLC) framework along with associated documents, templates, forms, and diagrams to be used for managing IT systems. All documents are included in a standardize workflow process. The framework provides a phased model of a hardware/software project and depicts the relationship among activities, products, reviews ,approvals, and resources. Change is formally managed through a Change Management process to insure proper monitoring and controlling process during each SDLC phase. The supporting documents guide system development from concept to disposition and include Concept Proposal, Functional Requirements, Project Charter, Change Management Plan, Testing, and Post-Implementation Review. The framework and documents are available for Citywide use on the IT Department's System Development Life Cycle intranet page (http: //it-cos I intranet/Project lifecycle/sdlc .html). Jim Limbaugh, 03/15/2015	
278	8	MA-IT	8/4/2014	MOSS	There are no formalized policies and procedures for a periodic risk analysis for critical information resources or after major changes in software, procedures, environment, organization, or hardware.	IT should document and develop appropriate risk management policies and procedures based on security categorizations. Risk should be reassessed on a periodic basis, or whenever systems, applications, facilities, or other conditions change.	ASD - Information Technology	In conjunction with finding # 7, staff will establish a formal risk management policy by March 2016. Also, staff will continue and enhance the current use of TrustWave software to conduct quarterly vulnerability testing to maintain Payment Card Industry (PCI) compliance. In addition, IT staff is planning to expand the use of TrustWave software to include system-wide vulnerability and penetration scanning. The IT Officer will communicate the results of the vulnerability testing to all affected departments by March 2016.	No	7/31/2015		It is developing the Business Impact Analyses/Technology Recovery Plans for the three primary systems (AS400, Public Safety, Library x86 Servers) and expects to have them completed by July 31, 2015, Jim Limbaugh, 02/20/2015	
279	9	MA-IT	8/4/2014	MOSS	Disaster recovery plans (DRPs) and business continuity plans (BCPs) are in the preliminary stages of development and have not been fully developed, exercised, or formally tested since last review. Mission-critical financial systems do not have redundancy on site in Stockton and a business impact analysis has not been done, nor has the system been tested for failover.	Finish developing the DRP and deploy appropriate associated processes. Each plan must be tested on a periodic basis to ensure that the plan provisions are viable and that they meet the changing needs of the City. Conduct a business impact analysis for all applications, databases, and systems within the City's enterprise.	ASD - Information Technology	1) IT does have a DRP for each system, and will update the DRP by December 2015. This update will be more comprehensive, covering staff roles and responsibilities, manual work around, system recovery steps, data restoration procedures, makeshift business operations and testing procedures. 2) IT staff will develop a Business Impact Analysis (BIA) to determine and prioritize the recovery of systems.	No	12/31/2015	N/A	IT has created an inventory of business applications and hardware as part of the Department's Technology Recovery Plan (formerly known as Disaster Recovery Plan). It is reaching out to the business community to establish application recovery priorities. This is part of IT's Technology Recovery Plan, Roles and Responsibilities book which is in its final format. The Estimated Completion Date of 12/31/15, is dependent on response times from other Departments. Jim Limbaugh, 3/15/2015	
281	11	MA-IT	8/4/2014	MOSS	The City does not have current and comprehensive policies and procedures for certain IT functions, including security, physical access, and disposal of IT assets.	Security policy should include senior management's directive to create a computer security program, establish goals, and assign responsibilities. Procedures should include detail steps to accomplish particular security related tasks.	ASD - Information Technology	IT will review, update and develop security policies and procedures to address the issues in connection with the 24 month project being conducted by Moss Adams on all City-wide policies. The process will be completed by September 2015. In addition, the administrative directives IT-03 Software License and IT-09 Network Security will be updated for changes to the policy or procedure.	No	9/30/2015		IT has assigned staff as Information Security Officer. IT has created policy that addresses security, privacy ,integrity, availability, accountability, and the means to audit its information. This policy provides a general framework that shall be followed when handling Department information and using Department resources. This policy is in its final format. The Security Policy addresses: • Prohibiting the sharing of user and system administrator identifications. • Prohibiting the granting the granting of workstation administrator rights to end users. • Establishing security protocols for controlling access through standardized user names and password settings • Security monitoring activities of the administrator • IT asset disposal procedures	
283	13	MA-IT	8/4/2014	MOSS	There are no written policies and procedures for network and infrastructure security.	Networks should be appropriately configured to adequately protect access paths within and between systems, using appropriate technological controls, such as switches, routers, and firewalls.	ASD - Information Technology	IT will develop the necessary written policies and procedures to address network and infrastructure security by June 2015.	No	6/30/2015		IT has assigned staff as Information Security Officer. IT has created procedure to address network security, network configuration, and devices such as switches, routers, firewalls. These procedures provide a general framework that IT follows when handling Department information and to utilize Department resources. Jim Limbaugh, 3/15/2015	
285	15	MA-IT	8/4/2014	MOSS	Access to applications and assigned privileges were not documented or current, were outdated or not retained and remote access is not reviewed.	Best practices for application access should be implemented and include: limited to individuals with valid business purpose, access requests should be reviewed, and resource owners should periodically review access authorizations for continuing appropriateness. Approved authorizations should be maintained on file.	ASD - Information Technology	1) IT will work with resource owners to develop a process for periodic audits. IT's business unit will be working with HTE application owners to re-evaluate and update current access provisioning procedures. These procedures will include provisions for requirements of the audit program. The program and procedures will be developed by December 2015. 2) The Administrative Directive IT-09 will be updated to include the newer technology for remote access. Additionally, IT will analyze the logging capabilities of all remote access systems and will establish a review and logging procedure by December 2015. IT-09 will be updated by December 2015. 3) IT infrastructure team will develop a project plan and implementation schedule to remove user's administrator privileges on workstations as part of the resolution of finding #11. A new policy will be developed for maintaining and reviewing systems and applications for appropriate access levels. This policy will be developed by September 2015.	No	6/30/2015	N/A	Access to data center was evaluated and updated. Access to systems is being evaluated as part of the overall application inventory. Expected completion date: 6/30/15. Jim Limbaugh, 02/20/2015	

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286	16	MA-IT	8/4/2014	MOSS	Basic controls relating to physical access and environment security were undocumented or outdated for the Data Center(s).	Access should be limited to those individuals who routinely need access through the use of guards, identification badges, or entry devices such as a key card. Management should conduct a regular review of individuals with physical access to sensitive facilities to ensure such access is appropriate. In addition, fire detection and suppression devices should be installed and working; controls are in place to mitigate against natural disasters, and that backup generators are in place.	ASD - Information Technology	1) It will review all of the IT access areas by December 2015 and will work on appropriate resolutions with the Central Building Maintenance (CBM) division. Staff will provide an update on the areas that require additional security measures and the type of work that needs to be performed. 2)The air conditioning system in the SEB is cooling the data center but not providing humidity. Staff will follow up with CBM to have this issue repaired by January, 2015. 3) The inspection of the powder fire suppression system installed in the SEB will occur within the next 60 days. Upon completion of the inspection, Fire Prevention will provide a list of City owned properties that have been inspected to CBM. Going forward these inspections will be completed on an annual basis. 4) Given the complexities involved in the installation of the fire suppression	Yes	N/A	3/9/2015	IT has reviewed and modified access to the 400 E. Main Data Center. Only those who need access to the data center have access. Access will be reviewed on a quarterly basis. IT has also implemented a Visitor Policy for anyone coming to the fourth floor. This is also included as part of the Information Security Policies which is also in its final format. 400 E. Main 4th Visitor Policy implemented 3/9/2015: Security has been advised that "no one" is to be allowed access to the 4th Floor, other than current staff, without prior approval. If you are expecting a visitor (guests, clients, deliveries, contractors, City staff from other departments, etc.) you must pre-authorize access for the individual(s) by sending an email to shayla.henry@universal pro.com with the following information: 1. Name(s) of the individual(s) expected ; 2. Name of the firm; 3. Date and expected time of arrival ;	
287	17	MA-IT	8/4/2014	MOSS	Operations security controls for software patch management including implementation and support, have not been addressed or defined.	An effective patch management process should be documented and implemented. IT should prioritize patches based on system configuration and risk and ensure appropriate installations of patches are done on a timely basis. In addition, IT should conduct inventory of all systems, desktops, and servers as to the operating system in use.	ASD - Information Technology	Currently, all departments are on a schedule for updating patches on a weekly basis for both Windows 7 and Windows 8 computing devices. For Windows servers, the infrastructure team patches on a monthly basis. 1) With regards to the Windows XP operating system, IT will be preparing a project plan for approval by the end of 2014. 2 We anticipate Windows XP computers to be updated by June 2017. 3) IT is in the process of inventorying all systems, desktops, and servers as to the operating system in use. It is anticipated the inventory will be completed by end of year 2014.	No	6/30/2015	N/A	1) With regards to the Windows XP operating system, IT will be preparing a project plan for approval by the end of 2015.3) IT is in the process of inventorying all systems, desktops, and servers as to the operating system in use. It is anticipated the inventory will be completed by end of 2015.Patch Management Policy needs to be created detailing requirements of patch management procedures. Estimated completion of policy would be 6/30/15. Jim Limbaugh, 02/20/2015	
288	18	MA-IT	8/4/2014	MOSS	No formal monitoring controls exist for inbound and outbound data interfaces from key applications requiring redundant reporting, manual intervention, and the re-entry of data to be useable.	Procedures should include a complete list of interfaces to be run, the timing of the interface processing, how it is processed, and how it is reconciled. A positive acknowledgement scheme should be used to ensure files sent from a source system are received by the target system. The files sent should be secured from unauthorized access.	ASD - Information Technology	1) IT will document all inbound/outbound data interfaces for key applications and data. It will develop a procedure for the overall management of key application data interfaces used by the City to include the recommendation from Moss Adams. The files generated by an application interface will be properly secured from unauthorized access and/or modifications by cryptographic encryption. The procedure for the management of key application data interfaces will be completed by March 2016. 2) IT will document interfaces related to the financial system and will build onto this report other interfaces currently in use. This will include a need to purchase tools for the overall activity and documentation control. As a result of the high amount of potential data analysis, data verification, interface complexity, and mandated system uptime, additional staff will be required. IT will propose a solution to the CFO for approval by March 2016.	No	6/30/2015		Work is underway for identifying interfaces to the SunGard system as part of the assessment for the RFP. Indemnification of additional interfaces will be evaluated at the end of 2015.	
289	19	MA-IT	8/4/2014	MOSS	The Help Desk policy (v. 2010) does not reflect current processes and procedures, especially with new systems, applications, and mobile devices.	Procedures should include a complete list of systems, applications, and databases that are required to be supported by held desk staff. Adequate training on response processes and procedures should be provided to staff to assist in reduction of closure times for user reported incidents.	ASD - Information Technology	1) IT is preparing a staff report to Council to obtain authorization to release an RFP for new IT Service Management software. The staff report will be submitted to Council by October 2014. 2) The new software will include a "Service Catalogue" that will detail the IT services that are provided and supported by IT. The new ITSM Software is planned to be operational by December 2015. 3)In addition, IT staff will prepare Help Desk Procedures that include a list of systems, applications, and databases that are required to be supported by help desk personnel. These procedures will be completed by June 2015.	No	12/30/2015	N/A	Developing service catalog that details a list of support services that are provided by helpdesk personnel. Service catalog to include; list of equipment supported and list of applications supported. This is expected to be completed by 12/31/15. Information Technology will be implementing a new call tracking system with workflow, knowledge base, and escalation matrix to provide timely closure of user-reported incidents. Client Services staff will be trained on new system and processes. This is expected to be completed on 12/31/15. Jim Limbaugh, 3/15/2015	
290	20	MA-IT	8/4/2014	MOSS	The City uses GroupWise email system that runs on HP Stack of blade servers and has no email archiving and deletion policy.	The City should identify alternative methods for the backup of GroupWise email files and investigate the retention timelines for emails.	ASD - Information Technology	It is anticipated the staff report requesting authorization to purchase GWAVA Retain and GWAVA Reload software will go to Council by December 2014. The Federal data-hold on all of the City's electronic data is related to the City's bankruptcy process and will likely remain in place for years to come. It has researched various options for the short and long term solutions, of which, will be presented to the CFO.	No	1) 12/31/2014 2) 11/30/2014	N/A	IT has researched various options for the short and long term solutions, of which, will be presented to the CFO." Update: IT expects to present these solutions to the CFO by 11/28/2014.	
293	2013-01	13 SAS115	6/25/2014	PUN	There is a substantial doubt about the City's ability to continue as a going concern through June 30, 2013. The City's bankruptcy filings and Pendency Plan notified debt creditors that the City would enter into default on some debt and contractual obligations beginning in fiscal year 2011-12.	The City has hired consultants and legal experts to assist the City's new management team to work through the bankruptcy proceedings and develop other cost savings measures in order to enter a Plan of Adjustment that will return the City to financial health. City staff and management should continue to work as expeditiously as possible to return to financial solvency. This single issue remains the City's top priority.	ASD/CM	The City agrees with the findings and recommendation. The City as part of its Chapter 9 bankruptcy protection is working with all of its significant creditors to return the City to solvency. The City has filed with the United States Bankruptcy Court its "Plan for the Adjustment of Debts" of the City of Stockton, California, dated October 10, 2013 (as amended November 15, 2013) and its "Disclosure Statement" with respect to the "Plan for the Adjustment of Debts". The Plan is scheduled to be heard by the United States Bankruptcy Court in March 2014. There is no other priority higher for the City than to emerge from bankruptcy with its creditors and begin the recovery process.	Yes	N/A	10/30/2014	See update for item #12	I

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294	2013-02	13 SAS115	6/25/2014	PUN	The City has experienced significant delays in the preparation and issuance of the 2012 basic financial statements and its Single Audit required under OMB Circular A-133.	The City's Finance Department should develop standard operating procedures to facilitate monthly and year end close process and the preparation of its basic financial statements. Because the basic financial statements are the responsibility of the City, it is in its own best interest to closely monitor the accounting process to ensure that financial position and operating results are accurately and timely reported. The following steps could be used to avoid future delays: • Assign qualified accounting personnel in handling complex transactions; • Identify critical due dates and develop a listing of assignment, including department coordinated items, based on available resources to meet those due dates; • Hold periodic meetings to monitor the progress of assignments and responsibilities; and • Conduct management review of financial statements and audit schedules prior to presenting them to the auditors.	ASD-Accounting	The City agrees with this finding. In September 2011, the prior Chief Financial Officer completed a written evaluation of the Administrative Services Department which was updated in the 2013-14 Budget to include the addition of one Financial Accounting Supervisor. The new management team brings increased expertise in technology, auditing and financial reporting. Additional finance personnel have been added in each division with expertise in those areas. Training is now being provided to existing personnel in areas of federal grants, accounting, accounting close, and documentation. The antiquated accounting system was also identified by the City in its Citywide Technology Strategic Plan for replacement. City staff worked to develop an immediate term, low-cost fix for the antiquated reporting tools available. For 2012, an Excel based model was developed that can now produce the draft CAFR statements in a substantially shorter period of time and eliminates the inaccuracies of the former manual process and outdated reporting feature of the software. We anticipate this tool will facilitate a significantly faster 2013 audit and future audits. In addition, a request for proposal for a requirements analysis for the accounting system will be brought forward to City Council for approval in early 2014. A new auditing firm is conducting audits of both fiscal year 2012 and 2013 without a break in order to get the City caught up on past due audits. We anticipate that the June 30, 2014 audit will be back on schedule and the City will return to normal timelines to complete a City audit (typical timeframe is six months from June to December). The firm is also assisting with getting the	No	12/31/2015	N/A	Same as Item #210	O
295	2013-03	13 SAS115	6/25/2014	PUN	The City has established a document titled "Auditing Findings Response Tracking Report" (the "Report"). The Report displays findings identified by City management, State Gas Tax Audit, State Controller's Office (SCO) Audits, prior external audit firm, County Grand Jury Report and the City's Internal Audit. The findings in the latest Report totaled 125 items critical areas that the City needs to greatly improve.	We recommend the City work closely with the Internal Auditors to design, implement and maintain its system of internal controls using the Internal Control Framework as outline above.	ASD/CM	The City is in agreement with this finding and recommendation though it is not new information. The previous City Manager asked the City Auditor's Office to conduct a more robust and improved risk assessment process. It was identified by new management as one of the City's 37 Strategic Initiatives. Similar findings were issued by the City's prior external auditor for fiscal year 2011 in November 2012 and by the San Joaquin Grand Jury in May 2013 after the new management team brought the severity of the situation to their attention. The City has since contracted out the Internal Auditor role to Moss Adams LLP, a reputable CPA firm to conduct a full risk assessment and a review of internal controls. That work resulted in an 18-24 month scope of work that includes a complete evaluation and documentation of the City's design of internal controls, recommendations to change those internal controls, the establishment of policies and procedures, and training for senior management, city council and staff in internal controls. The work has been prioritized based on those business cycles that are of highest risk to the City for the risk of material misstatement to financial reporting. The work began in November 2013 in two of the respective areas—Revenue and Payroll. The result of the work will be implementation of new internal controls, new standards of operations, new policies, and subsequent testing to ensure they are working as planned.	Yes	N/A	8/11/2014	A system has been established to track open findings and to provide an update to the Audit Committee on outstanding findings. In addition, Internal Audit has implemented an findings validation process to ensure that findings has been corrected.	H
296	2013-04	13 SAS115	6/25/2014	PUN	The City does not have an updated policies and procedures manual (Accounting Manual) which would define personnel roles and responsibilities, described appropriate procedures for recording significant transactions in finance and accounting systems, define and set procedures for management oversight and review, establish key internal controls, and ensure accounting and reporting requirements established by GAAP are followed.	We recommend that the City develop a comprehensive Accounting Manual that would set the guidelines for recording transactions in the general ledger. In addition, Management should consider developing an Accounting Manual which includes at a minimum: • Descriptions of functions each position performs • Specific duties and responsibilities (desk procedures) • Minimum required qualifications or standards • Council/Management approved policies relating to specific transactions • Procedures for processing of specific financial activities • Appropriate monitoring and review controls	ASD-Accounting	The City agrees with the finding and recommendation. With the largest burden on Finance for the bankruptcy filing which is now at the stage where the Plan of Adjustment will be heard by the U.S. Bankruptcy Court, management and staff will be able to turn inward towards operational improvements, reviews of policies and procedures, and the establishment of better internal controls. This recommendation will be considered in connection with the work being performed as a result of the Risk Assessment and Internal Control Review by Moss Adams over the next 24 months. The outcome of that work will be improvements to the internal controls and revisions to policies and procedures which could be used for the development of a formal Comprehensive Accounting Manual.	No	9/30/2016	N/A		A
297	2013-05	13 SAS115	6/25/2014	PUN	The financial systems employed by the City in managing its overall fiscal operations, including processing of billings and payments, preparation of financial reports, budgets, and analysis of trends are outdated and inadequate for a city the size of Stockton.	The City is strongly urged to begin the process of review of other software applications that are specifically designed for municipal entities and have the full functionality needed for a City of this size and complexity. These other software applications should be evaluated in light of their general acceptance in cities of this nature and size, the level of internal user support required to operate the software, the training required for users and the cost.	ASD	The City agrees with this finding. However, due to high technology costs and significant staff involvement of a new system implementation competing against the City's financial situation, it is unlikely the City will be able to purchase a new financial system in the near future. Management also concurs that regular reconciliation is an industry standard and will continue to be pursued and implemented as an operational standard. Until a new system arrives and is operationalized, the City will continue to operate in a manual mode without needed modern business analytics processes or tools. Following are the actions that will be taken by management: • Issue an RFP for a financial system's business requirements development vendor to select a software application that are specifically designed for municipal entities and will support the City's needs by the end of fiscal year 2014. • Work with the City's internal auditor to develop and implement monthly reconciliation policy, procedure, process, communication and standard practice within the City's key financial operation touch points over the next 24 months. • Complete the rollout to City departments of the City's internally developed Financial Monitoring Tool (FMT), an Excel based revenue and expenditure drill down tool by the end of fiscal year 2014. Provide follow up training with all key financial staff within Administrative Services Department.	No	12/30/2015	N/A	See update for item #214	L

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298	2013-06	13 SAS115	6/25/2014	PUN	The City did not complete year end closing procedures before presenting the trial balance to auditors resulting significant amount of journal entries being presented to correct or to reclass balances in financial statements in order to conform with accounting principles generally accepted in the United States.	We recommend that the City establish effective year end closing procedures that reduce the risk that there are accounting errors and the need for correcting journal entries after the year end closing. These procedures would include proper review of activity of transactions maintained in sub-ledgers not integrated with the City's main accounting system, proper cutoff review for account balances at a fund and overall government-wide level and revenue and expenditures/expense. Revenue and expenditures/expense should be compared to the prior year or prior year trends and to the budget.	ASD- Accounting	The City agrees with the finding. The City began hiring a new financial management team in 2011 with increased skills, expertise and knowledge of municipal finance. As cleanup efforts continue, improvements have been made in establishing and improving internal controls over financial reporting as follows: • Thorough review and segregation of duties in journal entry process. • Reorganization of the Accounting unit into two functional units: a Transaction Reporting Group and a Financial Reporting and Analysis Group. • The City's internal auditors completed a comprehensive, detailed City-wide risk assessment and identified those areas with highest level of risk and those with material weaknesses or significant internal controls deficiencies. • The risk and internal control assessment provides a roadmap for future improvements to the City's financial policies, procedures, internal controls, and training and is anticipated to take place over the next 24 months. • Management engaged the internal auditors to further review the areas identified in the risk assessment to document current procedures and processes and to recommend needed improvements. Included in the internal auditors work plan is a review with management of the monthly and fiscal year end closing procedures. Management will develop policies, procedures and checklists to further improve and reduce the risk of the material errors and misstatements in the financial statements.	No	12/31/2015	N/A	The journal entry process has been revised to include adequate review and approval prior to entering into the general ledger. Included in the internal auditors work plan is a review with management of the monthly and fiscal year end closing procedures. Management will develop policies, procedures and checklists to further improve and reduce the risk of the material errors and misstatements in the financial statements.	O
299	2013-07	13 SAS115	6/25/2014	PUN	The reserves maintained for debt issuances are below the required amount.	We recommend that the City needs to replenish its reserve balance in order to maintain the minimum requirements under its debt covenants and implement an ongoing monitoring process	ASD	The City agrees with this finding. The 2003 Series A&B COPs and 2004 Arena bonds are both backed by the City's General Fund. Under bankruptcy, the City maintains that the General Fund is unable to satisfy the requirement to refill the reserves. The external source of payment on both bonds, while the City has been in bankruptcy, has been the property tax increment funds that formerly flowed to the Redevelopment Agency and are now flowing to the Successor Agency. The shortages are the result of shortages in tax increment revenue, which resulted in partial payment of debt service being made from the reserve funds. Additionally, the Trustee has been paying legal fees with these funds while the City has been in bankruptcy. The shortages have been placed on the Successor Agency Recognized Obligation Payment Schedule and will be funded from tax increment as they become available or through the terms of settlements with bond insurers reached in bankruptcy, once the plan of adjustment is confirmed.	Yes	N/A	Yes	Per Vanessa Burke this has been completed.	O
300	2013-08	13 SAS115	6/25/2014	PUN	The City did not require review and approval for some journal entries, as shown in the audit tests that were tested. While another journal entry lacked supporting documents. The payroll journal entry is not reconciled to the payroll register prior to recording.	We recommend that the City review and approve all journal entries before they are recorded in the general ledger. And, an effective system maintain for journal entry support retention so that it may be accessible by management and others party who may be required to review the documentation. We also recommend that the City reconcile the payroll journal entry to the payroll register prior to recording.	ASD-Accounting	In June 2013, Finance Management issued written procedures for journal entry processing and includes these types of entries. The procedures also address preparation, support, review, approval and posting to the City's accounting system. The new process in place provides for review and approval of all journal entries prior to entry into the general ledger. Entries are not approved without supporting documentation. Accounting staff is being continuously trained and coached on appropriate journal entries supporting documentation. We anticipate full implementation of the procedures in FY 2014-15. The City has a retention policy for accounting records including journal entries. However, improvements will be made in ensuring that journal entries are scanned and hard copies are maintained and accessible for review by others. Management will perform a review of current procedures and process of payroll journal entries and make necessary improvements prior to recording the entries in the accounting system.	Yes	N/A	8/30/2014	See update for item #155	O
301	2013-09	13 SAS115	6/25/2014	PUN	The City has kept on its books for the past two fiscal years material amounts of uncollectible accounts receivable. The City should remove all uncollectible accounts receivable amounts.	We recommend that the City take necessary action to bring the delinquent accounts to City Council for authorization to remove all uncollectible accounts receivable amounts from their records and create policies and procedures for the criteria for when an amount is determined to be uncollectible.	ASD-Accounting/Revenue Services	The City partially agrees with this finding and recommendation. Management does agree with the removal of all old uncollectable accounts receivable amounts from both centralized and decentralized accounts receivable systems and subsidiary systems. A project charter was initiated and substantial work and collaboration performed with the departments to identify and approve all write offs City prior to submission by the CFO to the City Manager and City Council. The identification of all write offs has now been completed and approved by the CFO. Under the Policy, the next step is for the CFO to notify the Council with the receivable write-off amounts and justification for the write-off. This is anticipated to occur within the next 30-60 days. Subsequently, the City will perform audits of all billing systems to ensure the timely removal of the accounts receivable approved for write-off. The work in the subsidiary ledgers to remove the bad debt will be the next phase of the project which we anticipate will take several months to complete due to the level of department interaction as well as with our outside vendor billing agencies. Responsible billing departments also received guidance on the requirements of the City Council Policy 700-3 in October 2013 and were requested to submit their write-off recommendations (with appropriate supporting documentation) in accordance with the Policy to the Administrative Services Department by November 15, 2013.	No	1/31/2015	N/A	See update for item #219	O

Item No.	Finding No.	Report Code	Report Date	Auditing Entity Code	Finding	Recommendation	Responsible Department	City's Remediation Plan (Course of Action & Expected Benefits)	Finding corrected? (Y, N, Partial)	Expected Completion Date	Actual Completion Date	City's Status Comments	Risk Category
302	2013-01	SA13	6/25/2014	PUN	Payroll charges for Community Development activities and Housing activities are based on predetermined allocations. A large portion of Housing activities are funded with federal awards which are subject to OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. This regulation requires the use of contemporaneous time keeping records as a basis for charging direct labor costs to federal awards. The use of allocations is permitted if time studies are conducted in accordance with requirements of OMB Circular A-87 and allocations are trued up.	We recommend the City review OMB Circular A-87 and employ those requirements as they relate to direct labor costs charged to federal award programs.	ASD	1) Work with the Indirect Cost Plan consultant and City's Internal Auditor to improve the activity based costing currently used by the City for charging payroll costs to federal programs. 2) Issue a Request for Proposal (RFP) to hire a consultant to evaluate the City's overall cost allocation methodology as well as prepare the indirect cost plan that complies with OMB A-87. 3) Perform annual true up for non-housing staff charges. 4) City's internal auditors will perform a review of the City's overall grant management and indirect cost allocation. This work is expected to begin in the late spring of 2014	No	12/31/2015	N/A	SAME AS ITEM #239 The City's current indirect cost allocation plan consultant has finalized the fiscal year 2011-12 OMB A-87 cost plan. The City engaged its current consultant to prepare fiscal year 2012-13 cost plan. In addition, staff will be taking to City Council a request for authorization later this fall to issue a Request for Proposal (RFP) to hire a consultant to evaluate the City's overall cost allocation methodology as well as prepare the indirect cost plan that complies with OMB A-87. The RFP to hire a consultant will also include work to develop a system that supports best practices and complies with federal regulations as it relates to time sheet data collection. In the interim, staff completed a thorough review of time sheets and informed departments on the importance of substantiating payroll costs charged to federal programs. In the future, an annual true up will be performed for non-housing staff charges. Housing program employees report and charge actual time worked using the City's payroll time sheets. In addition, the City's internal auditors will perform a	O
306	2	MA-AP/PUR	8/4/2014	MOSS	The Accounts Payable Unit has made significant progress in documenting their standard operating procedures (SOPs).	The Accounts Payable Unit should continue efforts to formally document all of its standard operating procedures in a comprehensive manual. Following manual development, management should ensure that staff are consistently trained on the procedures within the manual and held accountable to its standards. The manual should be periodically updated with staff input as changes in processes, internal controls, and/or systems are made.	ASD - Accounts Payable	As staffing levels and work load permit, the AP Unit will continue its efforts to formally document SOPs into a comprehensive manual. This manual will be used to expand the knowledge level for existing staff, new employees, and continue ongoing cross training. If staffing shortages can be resolved, management will be able to dedicate sufficient resources to this project for a more timely resolution.	No	12/31/2015		The implementation of the Transaction Reporting Accounting Group (TRAG) and Financial Reporting Analysis Group (FRAG) has been established and the recruitment for supervising accountants is in progress. The responsibility of the TRAG supervisor will include oversight of the accounts payable unit and will act as a lead, with the Accounting Manager's supervision, to develop the SOP manual. Currently, desk procedure is in place and being constantly developed to ensure standardization of the accounts payable process. The estimated completion date is December 2015.	
308	4	MA-AP/PUR	8/4/2014	MOSS	City departments are not consistently following accounts payable policies and procedures, and are using different forms for accounts payable documentation.	The Accounts Payable Unit should re-establish its periodic training of City departments on how to submit payments and work with ASD management to standardize accounts payable forms Citywide.	ASD - Accounts Payable	As staffing levels and work load permit, the AP Unit will provide training to all departments city-wide on the proper methods, format, and acceptable authorizations that must be included for payment submission. To help achieve this goal, AP will create and utilize a training procedures manual and a training plan. In the future, training will be scheduled annually, and/or as needed, to accommodate new personnel assigned to accounts payable functions.	No	12/31/2015		The implementation of the Transaction Reporting Accounting Group (TRAG) and Financial Reporting Analysis Group (FRAG) has been established and the recruitment for supervising accountants is in progress. The responsibility of the TRAG supervisor will include oversight of the accounts payable unit and will act as a lead, with the Accounting Manager's supervision, to develop the SOP manual. Currently, desk procedure is in place and being constantly developed to ensure standardization of the accounts payable process. The estimated completion date is December 2015.	
311	7	MA-AP/PUR	8/4/2014	MOSS	The City Charter requirements for Council approval of contracts and request for proposals are too low and redundant, respectively, and cause unnecessary delays with little to no added benefit.	Raise the limit for contracts requiring City Council approval to at least $75,000 and remove the requirement of needing City Council approval prior to posting an RFP.	City Manager	The requirements found in this recommendation are established by the City Charter, which requires a vote of the citizens for any changes. A ballot measure is currently scheduled for the November 2014 election with proposed amendments to the City Charter to remove these requirements and establish spending authority by Municipal Code, which can be amended by the vote of the City Council. Staff has prepared an analysis recommending an increase in the administrative spending limit authority within the Municipal Code to $75,000 (up from current limit of $33,018). The ballot measure, if successful, will also eliminate the redundant requirement to obtain Council approval prior to issuing a Request for Proposal (RFP).	Yes	N/A	1/25/2015	During the November 4, 2014 General Election, voters approved a ballot measure amending the City Charter. It was anticipated that with passage of the ballot measure, parallel amendments would be made to the Municipal Code to maintain consistency with the Charter. The proposed amendments to the Municipal Code related to contracting and purchasing include removal of the requirement to obtain City Council approval prior to issuance of a Request for Proposals, establishing the City Manager's administrative spending authority at $75,000 and establishing criteria for considering changes to the spending authority. These Municipal Code updates were approved by the City Council at their January 27, 2015 meeting, with an effective date or 30 days following their adoption. (Christian Clegg, 1/25/2015)	
312	8	MA-AP/PUR	8/4/2014	MOSS	Having only one person authorized to sign all contracts delays the purchasing process and leads to some confusion.	The City Manager should document and formally communicate whether or not contract signing authority is or is not delegated to any other City staff.	City Manager	Development of a comprehensive delegation of authority memorandum is a pending project in the City Manager's Office. This project has not moved forward due to other competing demands of the bankruptcy and in consideration of the City's Charter review process that took place this past year. The upcoming November 2014 ballot measure could potentially impact the administrative spending limit authority of the City Manager. This comprehensive delegation of authority will require some time to complete following the November election. As a result, the City Manager's Office will consider a more immediate and less extensive delegation of signing authority as part of the Procurement Transformation Project. The City Manager's Office will coordinate with ASD, the City Attorney's Office, and the contracted Internal Auditor to determine the appropriate balance for this delegation of authority.	No	6/30/2015	N/A	While a comprehensive delegation of authority memorandum has not been prepared by the City, a delegation of the City Manager's Authority to the Deputy City Manager's has been completed. The attached memorandum delegates authority to sign contracts and other internal documents. While this authority applies to all contracts, an internal process has been established in which contracts and other documents requiring authorization are forwarded to the respective Deputy City Manager or City Manager to whom its Department Head reports. This has created clearer expectations, continuity in accountability and increased efficiency. It is also worth noting that the comprehensive delegation of authority memorandum will be more appropriate following Council approval of the increase of the administrative spending authority of the City Manager and subsequent analysis of how some of this authority could potentially be delegated. (Christian Clegg, 1/25/2015)	
313	9	MA-AP/PUR	8/4/2014	MOSS	The current P-card vendor's services and timing requirements are not conducive to strong internal controls or efficient City processes.	The Administrative Services Department should request proposals for a new P-card vendor that can better meet the City's needs in the areas of a longer payment cycle, automatic data upload of transaction data, and immediate automated alerts for those transactions out of compliance with City policy/individual authorized levels. In the meantime, the Accounts Payable Unit should continue to work to minimize the backlog of P-card transaction log reconciliation and review.	ASD - Purchasing	We are in the process of developing an RFP for banking services. We anticipate this could be released as early as Fall 2014. One of the service/products the City is soliciting in the RFP is the purchasing card (P-Card) program. In addition, the Purchasing Unit and ASD management has inquired into the State of California CalCard program to determine if this program will meet the needs of the City. Since the completion of the Accounts Payable and Procurement internal control review, the AP Unit and Accounting Division staff has been working on the backlog of credit card transaction postings, of which, significant progress has been made. The backlog of card transactions has been significantly reduced and staff is currently reconciling and reviewing transactions for the August 2014 credit card statement.	No	6/30/2015	N/A	The City's current Purchasing Card (PCard) provider relationship with American Express (AMEX) was established on an emergency basis when the City entered times of financial instability. The AMEX program lacks many procedural and automation controls found in well-designed pCard relationships. The Procurement Transformation team is now evaluating the potential of a new pCard provider relationship through US Bank (the State of California's pCard contractor). With a new provider under the State of California agreement, it is expected that significant improvements to the City's pCard program controls will be implemented that will resolve all deficiencies in this audit finding.	

	Entity Code	Report Code	Report Name	Entity Name
	LEGEND			
	Entity Code	Report Code	Report Name	Entity Name
38	MAZE	MOIC11	2011 Memorandum of Internal Control for CAFR	MAZE and Associates
5	MAZE	SA11	2011 Single Audit	MAZE and Associates
8	MGO	SA10	2010 Single Audit	Macias Gini & O'Connell LLP
3	MGO	RMIC10	2010 Report to Management	Macias Gini & O'Connell LLP
1	City	IA-AD	2002 Performance Audit - Administrative Directives	City of Stockton Internal Audit
1	City	IA-SEC	2007 Internal Control Evaluation - Stockton Events Center	City of Stockton Internal Audit
1	City	IA-LIB	2008 Performance Audit - Library Fines and Fees	City of Stockton Internal Audit
1	City	IA-EC	2010 Compliance Audit - Election Costs	City of Stockton Internal Audit
2	City	IA-FP	2010 Performance Audit - Fire Department Overtime Processing System	City of Stockton Internal Audit
4	City	IA-ARRA	2012 Compliance Audit-ARRA Update	City of Stockton Internal Audit
10	City	IA-PA	2012 Compliance Audit: Disbursements – Payment Authority	City of Stockton Internal Audit
5	City	IA-PC	2012 Compliance Audit: Disbursements – Purchase Cards	City of Stockton Internal Audit
1	City	IA-CC	2005 Performance Audit: City Clerk	City of Stockton Internal Audit
3	City	IA-PP	2012 Performance Audit: Police Property Room	City of Stockton Internal Audit
7	City	IA-FUM	2012 Performance Audit: Fleet Utilization and Management	City of Stockton Internal Audit
3	SCO	SCOGT11	2011 City of Stockton's Gas Tax Audit	California State Controller's Office (SCO)
8	SCO	SCOIC11	2011 City of Stockton's Administrative and Accounting Controls Review	California State Controller's Office (SCO)
2	SCO	SCORA11	2011 City of Stockton's Redevelopment Agency Asset Transfer Review	California State Controller's Office (SCO)
1	SCO	SCOCS14	2014 City of Stockton's Crime Statistics Report for the Department of Justice Program	California State Controller's Office (SCO)
22	GJ	SCGJ-112	2012-2013 San Joaquin County Grand Jury Report, Case No. 0112	San Joaquin County Grand Jury
2	GJ	SCGJ-312	2012-2013 San Joaquin County Grand Jury Report, Case No. 0312	San Joaquin County Grand Jury
4	GJ	SCGJ-912	2012-2013 San Joaquin County Grand Jury Report, Case No. 0912	San Joaquin County Grand Jury
1	GJ	SCGJ-1112	2012-2013 San Joaquin County Grand Jury Report, Case No. 1112	San Joaquin County Grand Jury
1	GJ	SCGJ-LAW	2012-2013 San Joaquin County Grand Jury Report, Law and Justice Report	San Joaquin County Grand Jury
14	GJ	SCGJ-BRN	2013-2014 San Joaquin County Grand Jury Report, Stockton City Council and The Brown Act	San Joaquin County Grand Jury
2	GJ	SCGJ-1613	2013-2014 San Joaquin County Grand Jury Report, Case No. 1613	San Joaquin County Grand Jury
70	MOSS	MA-ICR	2013 Internal Controls Review	Moss Adams
18	MOSS	MA-REV	2014 Internal Audit of Revenue and Cash Operations	Moss Adams
20	MOSS	MA-IT	2014 Internal Audit of IT General Controls	Moss Adams
12	MOSS	MA-PAY	2014 Internal Audit of Payroll Operations	Moss Adams
10	MOSS	MA-AP/PUR	2014 Internal Audit of Accounts Payable and Procurement Internal Controls	Moss Adams
11	PUN	12 SAS115	2012 SAS 115 - Internal Controls Identified in an Audit	Pun & McGeady
6	PUN	SA12	2012 Single Audit Report	Pun & McGeady
9	PUN	13 SAS115	2013 SAS 115 - Internal Controls Identified in an Audit	Pun & McGeady
3	PUN	SA13	2013 Single Audit Report	Pun & McGeady
5	BA	RDA-AUP	2012 Independent Accountant's Report on RDA Dissolution - Agreed Upon Procedures Engagement	Brown Armstrong Accountancy Corporation

RISK CATEGORY	
Code	Risk Factor
A	Processes
B	Capital Program
C	Operations/Service Delivery
D	Risk Management
E	Management
F	Organization and Staffing
G	Asset Management
H	Internal Controls
I	Funding and Economics
J	Human Resources
K	Governance
L	Technology
M	Compliance
N	Procurement
O	Accounting and Financial Reporting
P	Fraud
Q	Public Safety