

City of Stockton - Audit Findings Tracking Report  
10/5/2020

	( A )	( B )	( C )	( D )
	Total Findings	Open Findings (Not Yet Completed by City)	Validated Findings (By Moss Adams)	Reportable Findings (Newly validated since last summary)
<b>Reports</b>				
2011 Memorandum of Internal Control for CAFR (MOIC11 )	38	2	36	2
2011 Single Audit (SA11 )	5	0	5	1
2010 Single Audit (SA10 )	8	0	8	0
2010 Report to Management ( RMIC10 )	3	0	3	0
Internal Audit	36	10	26	1
2002 Performance Audit - Administrative Directives (IA-AD )	1	0	1	0
2007 Internal Control Evaluation - Stockton Events Center (IA-SEC )	1	0	1	0
2008 Performance Audit - Library Fines and Fees (IA-LIB )	1	0	1	0
2010 Compliance Audit - Election Costs (IA-EC )	1	0	1	0
2010 Performance Audit - Fire Department Overtime Processing System (IA-FP )	2	4	2	0
2012 Compliance Audit-ARRA Update (IA-ARRA )	4	2	0	0
2012 Compliance Audit: Disbursements – Payment Authority (IA-PA )	10	0	8	0
2012 Compliance Audit: Disbursements – Purchase Cards (IA-PC )	5	0	5	0
2005 Performance Audit: City Clerk (IA-CC )	1	0	1	1
2012 Performance Audit: Police Property Room (IA-PP )	3	4	3	0
2012 Performance Audit: Fleet Utilization and Management (IA-FUM )	7	0	3	0
2011 City of Stockton's Gas Tax Audit (SCOGT11 )	3	2	3	0
2011 City of Stockton's Administrative and Accounting Controls Review (SCOIC11 )	8	0	6	1
2011 City of Stockton's Redevelopment Agency Asset Transfer Review (SCORA11 )	2	1	2	0
2014 City of Stockton's Crime Statistics Report for the Department of Justice Program (SCOCS14 )	1	2	0	0
2012-2013 San Joaquin County Grand Jury Report, Case No. 0112 (SCGJ-112 )	22	1	20	1
2012-2013 San Joaquin County Grand Jury Report, Case No. 0312 (SCGJ-312 )	2	0	1	0
2012-2013 San Joaquin County Grand Jury Report, Case No. 0912 (SCGJ-912 )	4	0	4	0
2012-2013 San Joaquin County Grand Jury Report, Case No. 1112 (SCGJ-1112 )	1	0	1	1
2012-2013 San Joaquin County Grand Jury Report, Law and Justice Report (SCGJ-LAW )	1	4	1	0
2013-2014 San Joaquin County Grand Jury Report, Stockton City Council and The Brown Act (SCGJ-BRN )	14	0	10	5
2013-2014 San Joaquin County Grand Jury Report, Case No. 1613 (SCGJ-1613 )	2	24	2	2
2013 Internal Controls Review (Enterprise Risk Assessment) (MA-ICR )	70	2	46	2
2014 Internal Audit of Revenue and Cash Operations (MA-REV )	18	11	16	0
2014 Internal Audit of IT General Controls (MA-IT )	20	2	9	0
2014 Internal Audit of Payroll Operations (MA-PAY )	12	0	10	0
2014 Internal Audit of Accounts Payable and Procurement Internal Controls (MA-AP/PUR )	10	0	10	2
2015 Internal Audit of Monthly Close Process (MA-MON )	4	3	4	0
2015 Internal Audit of Grants Management (MA-GRANT )	3	8	0	0
2017 Internal Controls Testing: Cash Handling (MA-CASH )	18	3	10	5
2017 Internal Controls Testing: Month End Close and Reconciliation Process (MA-MONIC )	13	13	10	2
2017 Internal Controls Testing: Grants Management and Administration (MA-17GRANT )	15	5	2	2
2017 Internal Controls Testing: Payroll and Timekeeping (MA-17PAY )	15	1	10	0
2017 Internal Controls Testing: Superior Access (MA-17IT )	4	10	3	0
2017 Internal Controls Testing: Purchasing and AP (MA-17PUR )	16	1	6	0
2012 SAS 115 - Internal Controls Identified in an Audit (12 SAS115 )	11	2	10	0
2012 Single Audit Report (SA12 )	6	1	4	1
2013 SAS 115 - Internal Controls Identified in an Audit (13 SAS115 )	9	0	8	0
2013 Single Audit Report (SA13 )	3	0	3	1
2014 Single Audit Report (SA14 )	2	1	2	1
2014 SAS 115 - Internal Controls Identified in an Audit (14SAS115 )	6	1	5	0
2015 SAS 115 - Internal Controls Identified in an Audit (15SAS115 )	4	0	3	0
2015 Single Audit Report (SA15 )	2	2	2	1
2016 SAS 114 - Report on Internal Control Related Matters Identified in the Audit (16SAS114 )	4	1	2	0
2017 Single Audit (SA17 )	6	1	5	0
2017 SAS 115 - Report on Internal Control Related Matters Identified in the Audit (17SAS115 )	4	1	3	0
2018 SAS 115 - Report on Internal Control Related Matters Identified in the Audit (18SAS115 )	2	1	1	1
2016 Public Agency Review (16PAR)	1	1	0	0
2012 Independent Accountant's Report on RDA Dissolution - Agreed Upon Procedures Engagement (RDA-AUP )	5	0	4	0
<b>Total</b>	<b>433</b>	<b>117</b>	<b>316</b>	<b>32</b>

**Legend:**

Reports = report name  
Reporting Entity = organization that prepared the report  
Total Findings = number of findings in the report  
Open Findings = number of findings not yet completed by City  
Completed Findings = number of findings completed by City, both and not yet validated  
Validated Findings = number of findings validated by Moss Adams as completed and adequately addresses the finding  
Reportable Findings=number of findings validated since last summary report for Audit Committee report

**Relationships between Columns**

Total Findings: Column (A) = Column ( B ) + Column ( C )  
Open Findings: Column (B)  
Completed Findings: Column (C) = Column ( A ) - (B)  
Validated Findings: Column (D) (subset of (C) Completed Findings)  
Reportable Findings: Column (E) (subset of (D) Validated Findings)

Item No.	Finding No.	Report Code	Report Date	Period Covered	Finding	Recommendation	Responsible Dept(s)	Risk Category	<MA Validated/Closed?>	<Reportable Finding> (Newly Validated)	<Committee Month> (Summary Page drives inclusion)	Moss Adams Determination
25	2011-14	MOIC11	11/17/12	07/1/10-06/30/11	Indirect Cost Plans and Indirect Cost Allocations  Staff is under billing for costs that might otherwise be eligible for reimbursement.	The City should develop a uniform policy on indirect costs and train and educate staff on the appropriate use of the indirect cost plan to charge programs and activities.	ASD/Admin	O	Yes	Yes	Oct-20	Closed following review of City's approved A-87 plan.
45	2011-34	MOIC11	11/17/12	07/1/10-06/30/11	Direct Labor Allocations for Housing Activities  The City is not in compliance with A-87 requirements and direct labor costs charged to federal programs may not be fair and equitable.	We recommend the City review Circular A-87 and employ those requirements as they relate to direct labor costs charged to federal award programs.	ASDAdmin/EDD	M	Yes	Yes	Oct-20	Closed following review of City's approved A-87 plan.
56	SA2011-04	SA11	11/17/2012	7/1/10-6/30/11	Lack of understanding federal regulations and their application to direct labor charges to programs.	We recommend the City review Circular A-87 and employ those requirements as they relate to direct labor costs charged to federal award programs.	EDD	M	Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.
75	2011-7	SCOIC11	8/5/13	FY 2011	Lost opportunity to claim State/ Federal funds to offset General Fund expenditures.	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. In addition, the City should complete and implement the cost allocation plan, develop and train staff on a uniform policy on indirect costs, and implement review procedures to ensure all City departments recover indirect costs to the fullest extent possible under state and federal grant agreements and requirements.	ASD Admin	A	Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.

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93	306-03	IA-CC	4/15/2005	2006	There are significant issues in the City's record retention system	Before the City-wide policies and procedures are implemented, a comprehensive and specific policy should be devised over electronic record management and the means by which it will be accomplished. Consideration should be given over internal control of records, naming conventions, purchasing of record management equipment, research of records and record retention. A coordinated effort between City departments, City Clerk, City Manager, City Attorney and Administrative Services-Information Technology should be established to assure that record management policies and procedures are in conformity City wide and in compliance with established laws and regulations. Policies should also be drafted regarding the purchasing of software and consideration for the ability of software to be converted if records need to be transferred from old technology to new systems.	City Clerk	L	Yes	Yes	Oct-20	Closed following review of the City's records retention policies and program manual.
124	8.1	SCGI-112	05/24/13		The behind the scenes actions and lack of complete and clear information from the former city managers resulted in elected officials and the public having a false sense of confidence in the City's financial condition.	The City Manager and administrative staff provide detailed, timely, and accurate information supporting proposals with significant long-term financial implications for the City and that such documents be available to the public.	CM	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020
132	4.1	SCGI-1112	5/28/2013		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	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020
161	D-4	MA-ICR	8/19/2013	3/1/2013-6/30/2013	Adequate procedures have not been implemented to comply with allowable costs requirements required by OMB Circular A-87.	Implement procedures that follow OMB Circular A-87, so only allowable direct and indirect costs are charged to federal grants. Obtain federal approval for a provisional indirect cost rate.	ASD Admin	O	Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.
190	H-10	MA-ICR	8/19/2013	3/1/2013-6/30/2013	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.		B	Yes	Yes	Oct-20	Closed following review of Accounting Manual and Capital Project Closeout Checklist.

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239	2012-11	SA12	4/8/2014	7/1/2011 - 6/30/2012	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	O	Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.
251	2.3	SCGJ-BRN	5/19/2014		The Mayor was overly involved in the recruitment process to the detriment of a professional recruitment. This far exceeded the nominating authority contained in the City Charter.	None	CM	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020
252	2.4	SCGJ-BRN	5/19/2014		The series of personal meetings between some Council Members and some applicants resulted in unfair advantages for applicants involved in the meetings.	None	CM	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020
253	2.5	SCGJ-BRN	5/19/2014		Some Council members had information from personal meetings with applicants that they did not share with other Council Members.	None	CM	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020
254	2.6	SCGJ-BRN	5/19/2014		The lack of experience with executive recruitments for most Council Members was a factor in the recruitment's failures.	None	CM	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020

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255	2.7	SCGJ-BRN	5/19/2014		The mishandling of contract negotiations may have been a substantial factor in the failure to reach agreement on employment terms.	None	CM	K	Yes	Yes	Oct-20	Administratively closed on May 11, 2020
291	1.1	SCGJ-1613	6/16/2014	7/1/2012 - 6/30/2013	A majority of Stockton City Council members stated that they disagreed with official responses they had previously approved on August 13, 2013, which raises concerns of whether members read the report and responses.	None	CM		Yes	Yes	Oct-20	Administratively closed on May 11, 2020
292	1.2	SCGJ-1613	6/16/2014	7/1/2012 - 6/30/2013	A majority of Stockton City Council members stated that they disagreed with official responses they had previously approved on August 13, 2013, which raises concerns about why they did not question the responses at the public Council meeting when their responses were approved	None	CM		Yes	Yes	Oct-20	Administratively closed on May 11, 2020
302	2013-01	SA13	6/25/2014	07/01/2012 - 06/31/2013	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 Admin	O	Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.
306	2	MA-AP/PUR	8/4/2014		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	ASD - Accounts Payable		Yes	Yes	Oct-20	Closed following receipt and review of City's AP Procedures manual.
310	6	MA-AP/PUR	8/4/2014		The City's procurement functions are decentralized, resulting in inconsistent service and application.	City management should streamline the reporting structure of key procurement positions within the City and MUD so that all procurement positions report to a Director of Procurement.	ASD Procurement	N	Yes	Yes	Oct-20	Administrative Closed on May 11, 2020
328	2014-01	SA14	3/10/2015	07/01/2013 - 06/30/2014	Direct Labor Allocations for Program Activities 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	ASD-Administration		Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.

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334	SA 2014-01	SA15	12/31/2015	7/1/2014 - 6/30/2015	Direct Labor Allocations for Program Activities 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.	<Repeated Finding> 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-Administration		Yes	Yes	Oct-20	Closed following review of the City's approved A-87 plan.
348	8	MA-CASH	9/27/2016	12/1/15 - 5/30/2016	Not all deposits are transferred to ASD's Revenue Services in a timely manner. According to the City's cash handling training information, deposits must be submitted to ASD within one business day. While most of the deposits we reviewed were prepared in a timely manner and remitted to ASD within one business day, we found that one location we visited transports deposits to ASD two times a week. Therefore, revenue collected could go undeposited for up to 5 days before it is picked up and transported to ASD. Similarly, we inspected a deposit that ASD received from another location 8 days after it was prepared. The data we reviewed regarding the timeliness of deposit submissions for departments and divisions indicate delays in deposits.	1) Redistribute the City's cash handling policy and training guidance to remind staff of the importance of timely deposits. 2) Compile a list of the deposit schedule Citywide for all remote cash handling locations. 3) In collaboration with ASD, identify locations with delays in their deposits and address obstacles in submitting deposits in a timely manner.	ASD: Revenue; Cash Dept's		Yes	Yes	Oct-20	Closed following review of cash handling policies and procedures which require daily deposits.
350	10	MA-CASH	9/27/2016	12/1/15 - 5/30/2016	Not all locations' petty cash funds match the City's records of petty cash funds. We observed discrepancies between the City's petty cash fund records and the petty cash funds at three locations. At one location we found one petty cash fund that was missing from the City's records. In another location, we observed no petty cash fund present at the location despite the City's records showing a petty cash fund present. At another location, the amount of the petty cash fund did not match the amount or the custodian in the City's records.	1) Increase ongoing oversight over petty cash funds, including periodic cash counts, to ensure the appropriate use and authorization of all petty cash funds. 2) Strengthen process for overseeing petty cash funds to effectively monitor all petty cash funds and determine any that are no longer in active use. 3) Update the City's petty cash policies and procedures to incorporate stronger controls or recommend best practices. Consider including elements from department policies over petty cash, such as the Police Department. 4) ASD's Revenue Services should work with departments to coordinate the return of unused petty cash funds and reconcile the discrepancies we identified between fund amounts and custodians	ASD: Revenue; Cash Dept's		Yes	Yes	Oct-20	Closed following review of petty cash procedures.
351	11	MA-CASH	9/27/2016	12/1/15 - 5/30/2016	Not all locations' change funds match the City's records of change funds. On our site visits, we found several discrepancies between the City's records of change funds amounts and custodians with those we observed on-site. In two locations, we found multiple change funds that did not match the City's records. For example, at one location, we found a change fund that was no longer being used, and another that was intended for a location that was closed for the season. Moreover, without formal documentation retained with change funds, it is difficult to determine when and how change funds were formally established by the City or if they are maintained informally.	1) Increase ongoing oversight over change funds and monitor remote cash handling locations to ensure the appropriate use and authorization of all change funds. 2) Advise departments to maintain the memos authorizing each change fund in its respective bag to avoid uncertainty. 3) Strengthen the process for overseeing change funds to be robust enough to effectively monitor all change funds and determine any that are no longer in active use. 4) In collaboration between ASD's Revenue Services and the departments, coordinate return of unused change funds and reconcile discrepancies between fund amounts and custodians, as well as missing change funds. 5) Update the City's change fund policy to address how change funds should be stored in various circumstances, such locations with seasonal operations, and when they should be returned.	ASD: Revenue; Cash Dept's		Yes	Yes	Oct-20	Closed following review of change fund procedures
352	12	MA-CASH	9/27/2016	12/1/15 - 5/30/2016	Cash handling duties are not appropriately segregated. Some departments have implemented appropriate segregation of duties to ensure internal controls. However, other departments demonstrated weaknesses in segregation of duties, particularly regarding mail payment processing and fee or payment adjustments. Without appropriate segregation of duties, there is an increased risk of errors or misappropriation of funds.	1) Obtain and tailor a segregation of duties list/matrix based on readily available best practice guidance. For example, address assignment of responsibilities for billing versus receiving revenue, performing transactions versus adjusting fees or charges and voiding transactions, as well as opening mail payments versus processing mail payments. 2) Establish list of possible mitigating controls to employ when limited personnel are available to properly segregate duties.	ASD: Revenue; Cash Dept's		Yes	Yes	Oct-20	Closed following review of cash handling procedures, which included segregation of duties guidance.

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356	16	MA-CASH	9/27/2016	12/1/15 - 5/30/2016	The City's cash handling policies and procedures are not up-to-date or comprehensive. The City's cash handling policies do not adequately address issues such as counterfeit bill inspection, check acceptance, mail payment processing, or best practices in segregation of duties between certain functions such as cash handling and billing. The policies also do not set forth minimum requirements for system control and access or revenue and cash handling monitoring by management.	As part of the ongoing Policy Improvement Initiative, revise and update the City's cash handling policies and procedures to update existing elements and incorporate additional elements.	ASD: Revenue		Yes	Yes	Oct-20	Closed following review of updated cash handling policies and procedures.
359	II-1	MA-MONIC	11/29/2016	6/1/16 - 7/30/16	Journal entry variances or errors, if any, identified were not resolved in a timely manner.	Perform a thorough review of the journal entries and their support documentation by tying out the amounts from the journal entry form to the supporting documentation. In addition to the amounts, the description and account coding should also be reviewed thoroughly.	ASD Accounting		Yes	Yes	Oct-20	Closed following review of Journal Entry policies and procedures in Accounting Manual.
365	III-6	MA-MONIC	11/29/2016	6/1/16 - 7/30/16	Multiple bank accounts are tied to one General Ledger/Fund Balance.	In order to ensure completeness of the reconciliation process, maintain a listing of funds and the bank accounts associated with them.	ASD Accounting		Yes	Yes	Oct-20	Closed following review of bank account listings.
375	4	MA-17GRANT	5/1/2017	10/1/15 - 3/31/16	Not all departments provide written notifications to the City Manager's Office prior to submitting grant applications. The Library Division did not submit written notification to the City Manager's Office for one grant administered by the Division. Staff indicated that it was unknown that a Notice of Intent was required for this grant, however, the Library Division did not qualify for any exceptions to the policy.	Revise the City-wide Grant Administration Policy to provide clear guidance on qualified exceptions to notification requirements.	CMO		Yes	Yes	Oct-20	Closed following review of Grants Administration Procedure, which defines notification requirements and exceptions.
380	9	MA-17GRANT	5/1/2017	10/1/15 - 3/31/16	Prior project close-out practices were not sufficient to ensure adequate internal controls.	Continue to document policies and procedures and implement a process for closing projects. The Public Works Department should continue to implement improved processes for closing projects, where one individual initiates the closing procedures and another individual reviews the project before closing.	Public Works		Yes	Yes	Oct-20	Closed following review of Accounting Manual and Capital Project Closeout Checklist.