



Memorandum

TO: PUBLIC SAFETY, FINANCE
AND STRATEGIC SUPPORT
COMMITTEE

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: February 2, 2012

Approved

Date

2-9-12

SUBJECT: INDEPENDENT AUDITOR'S REPORTS: SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2011 AND REPORT TO THE PUBLIC SAFETY, FINANCE & STRATEGIC SUPPORT COMMITTEE, YEAR ENDED JUNE 30, 2011

RECOMMENDATION

Accept the Single Audit Report and Report to the Public Safety, Finance & Strategic Support Committee for the year ended June 30, 2011 as issued by Macias Gini & O'Connell LLP, the City's independent auditor.

BACKGROUND

The Single Audit Act of 1984 was enacted to simplify the process of auditing federal grants administered by state, local governments and non-profit organizations by combining all federal grants under one audit instead of each Federal Agency performing separate audits.

As part of the annual audit process, Macias, Gini & O'Connell, LLP (MGO) audits the City's federal grant programs to ensure compliance with federal requirements as specified in the Single Audit Act of 1984 as amended. Based on the audit, the auditor issues a Single Audit Report to the City Council. The attached Single Audit Report contains the auditor's findings, recommendations and the City's response and corrective action plans as appropriate.

ANALYSIS

Attached for the Committee's review are the Single Audit Report and Report to the Public Safety, Finance & Strategic Support Committee for the year ended June 30, 2011. The reports are discussed briefly below:

Single Audit Report

MGO audited the City's federal grant program, including the Airport's Passenger Facility Charges, for the fiscal year ended June 30, 2011. The audit was conducted in accordance with

Generally Accepted Auditing Standards and Government Auditing Standards. MGO reviewed the City's internal controls in light of compliance requirements applicable to each of its major federal programs and to the passenger facilities charges program. No material weaknesses were identified.

The Single Audit Act requires any audit finding and/or questioned cost be incorporated into the Single Audit Report along with a corrective action plan. This year's report lists one finding of lesser magnitude than material weaknesses for which MGO recommends corrective action. City management has established a corrective action plan for each finding and its responses to the findings are included in the report. The Single Audit Act also requires a status report on any prior year findings, which is also included in the current year's Single Audit.

Independent Auditor's Report to the Committee

MGO audited the City's basic financial statements for the fiscal year ended June 30, 2011 in accordance with generally accepted auditing standards and issued their opinion that the financial statements were presented fairly in conformity with generally accepted accounting principles. The financial statements and the Auditor's Report on the financial statements were presented to and accepted by the City Council on December 13, 2011.

During the course of the audit, MGO conducted a limited examination of the City's internal controls and management practices. MGO looked for material weakness or reportable conditions that would require immediate disclosure to the Council in accordance with generally accepted auditing standards. The Independent Auditor's Report to the Committee for fiscal year ended June 30, 2011 contains two findings.

Staff's response to the independent auditor's findings and other communications is included in the attached report. Finally, the independent auditor's report also contains a status report of prior year findings for the Committee's consideration.

COORDINATION

The Office of Equality Assurance has reviewed the Single Audit Report and has provided comments that are incorporated in management's response to the auditor's finding.


JULIA H. COOPER
Acting Director, Finance Department

For questions, please contact Julia H. Cooper, Acting Director of Finance, at (408) 535-7000.