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To: The Honorable John McLeod, President of the Council
The Honorable Jay Musleh, President Pro Tem
The Honorable James Hilty
The Honorable Brent Malever
The Honorable Mary Sue Rich
The Honorable Kent Guinn, Mayor
John Zabler, Interim City Manager

Date: November 13, 2014

Re: External Audit Assistance – Electronic Fund Transfers

Internal Audit assists the external financial auditors, Purvis Gray and Company, LLP, with specific audit procedures for the Financial Statement Audit for the Fiscal Year Ending September 30, 2014. We have completed procedures for Electronic Fund Transfers processed through the Sun Trust Online Treasury Manager. The objective of our procedures was to determine if the outgoing electronic fund transfer process has controls in place to provide reasonable assurance that all outgoing wires and automated clearing house transactions are authorized, properly supported, recorded, and user job responsibilities are properly segregated. The scope of this audit did not include electronic fund payments to vendors processed through the City's accounts payable system.

During Fiscal Year 2014, 99 outgoing wires transfers totaling \$142.3 million and 54 outgoing automated clearing house transactions totaling \$356.0 thousand were processed. We performed a detail review of 25 transactions, which represented 16% of the total outgoing electronic fund transfers processed for the fiscal year.

Based upon our procedures performed, we conclude that Management's established procedures and internal controls over the outgoing electronic fund transfer process provides reasonable assurance that payment requests are properly supported; payments are properly initiated, approved, and recorded; and job responsibilities are aligned to segregate initiation, approval/submission, and reconciliation.

We appreciate the assistance of all personnel involved in the review, especially Marie Brooks, Senior Treasury Analyst and Johnna Agin, Accountant II.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

Handwritten signature of S. KaRhonda Leslie in blue ink.

S. KaRhonda Leslie, Assistant Internal Auditor

Handwritten signature of Jeanne Covington in blue ink.

Jeanne Covington, Internal City Auditor

c: Diane Reichard, CFO and Assistant City Manager, Finance
Mary Ann Davis, Finance Director