



City of Roanoke, Virginia

Fiscal Year 2009
Presentation to the Audit Committee

December 21, 2009

Agenda

- Required Communications With the Audit Committee
- Other KPMG Reports
- Internal Control Matters
- Federal Single Audit/Virginia Compliance Section
- KPMG Findings and Questioned Costs

Required Communications With The Audit Committee

- Audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the City).
- Our Responsibility under Professional Standards
- Other Information in Documents Containing Audited Financial Statements
- Significant Accounting Policies, Unusual Transactions and Accounting Practices
 - Adoption of GASB Statement No. 49
 - Outsourcing of Civic Center Fund accounting
- Management Judgments and Accounting Estimates
- Uncorrected and Corrected Misstatements

Required Communications With The Audit Committee, cont.

- Disagreements with Management
- Management's Consultation with Other Accountants
- Significant Issues Discussed, or Subject to Correspondence, with Management
- Significant Difficulties Encountered in Performing the Audit
- Independence

Other KPMG Reports

Greater Roanoke Transit Company (GRTC)

- Audit of the financial statements of Greater Roanoke Transit Company (GRTC)
- SAS 114 Communications to Those Charged with Governance
- Management Letter

City of Roanoke Pension Plan

- Audit of the financial statements of the City of Roanoke Pension Plan
- SAS 114 Communications to Those Charged with Governance

The School Board of the City of Roanoke, Virginia

- Audit of the financial statements of the School Board of the City of Roanoke, Virginia
- SAS 114 Communications to Those Charged with Governance
- SAS 115 Letter on Internal Control Deficiencies

Other KPMG Reports, continued

Other Reports:

- Report on applying agreed-upon procedures for the City Sheriff's Office internal control over compliance with the Virginia Sheriff's Accounting Manual, revised May 1, 2006, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the Code of Virginia, Sections 15.2-1609 through 15.2-1625
- Report on applying agreed-upon procedures concerning the Comparative Report Transmittal Forms

Internal Control Matters

Preliminary internal control findings listed by entity noted during our audit procedures are summarized as follows:

City of Roanoke, Virginia:

- Finance Department policies and procedures

School Board of the City of Roanoke, Virginia:

- Policies and procedures related to financial reporting
- Aptafund IT General Controls/System Controls
- Review and Approval of Manual Journal Entries
- Timely Preparation and Review of Bank Reconciliations

Federal Single Audit/Virginia Compliance Section

KPMG will issue the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. KPMG is in the process of wrapping up our testwork in accordance with OMB Circular A-133 (Single Audit).

KPMG will also issue the Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants. KPMG is in the process of wrapping up our testwork in accordance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants.

Major Programs Selected for Testing for Single Audit in FY 6/30/09

- Child Care Cluster *
- Foster Care Title IV-E*
- Adoption Assistance *
- Workforce Investment Act (WIA) Grants*
- Temporary Assistance for Needy Families (TANF)
- State Fiscal Stabilization Fund *
- Title I
- Special Education Cluster
- Community Development Block Grant (CDBG)
- Federal Transit (FTA) Cluster

* Indicates current year federal funding included ARRA funding

KPMG Schedule of Findings and Questioned Costs

Below is a preliminary list of programs with potential findings and questioned costs noted during our Single Audit procedures:

- Federal Transit Authority (FTA) grants – Procurement findings related to fuel oil purchases and health insurance premiums. Questioned costs approx. \$543,000
- Community Development Block Grant (CDBG) – Sub-recipient monitoring finding related to CDBG whereby the City did not have a control in place to determine whether sub-recipients receiving federal award pass-through monies from the City were required to have a Single Audit performed in accordance with the OMB A-133 Compliance Supplement and to obtain a copy of the sub-recipients audited annual financial statements, including auditors' reports on compliance and schedule of findings and questioned costs contained therein, if applicable. Questioned Costs to be determined.

KPMG Schedule of Findings and Questioned Costs (continued)

- Temporary Assistance to Needy Families (TANF) – Internal control and compliance findings related to unallowable costs and eligibility with regards to the TANF diversionary program. Questioned costs from FY2008 through FY2009 were approximately \$122,000, of which \$57,000 was reimbursed with Federal monies and \$65,000 was reimbursed by the State.
- Temporary Assistance to Needy Families (TANF) – Internal control and compliance findings related to sub-recipient monitoring similar to the CDBG finding listed previously. Questioned Costs to be determined.
- Special Education – Virginia Department of Education (VDOE) findings related to alleged SOL testing discrepancies at William Fleming High School (WFHS).