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To the Members of the Board of Finance
City of Stamford, Connecticut

In planning and performing our audit of the financial statements of the City of Stamford, Connecticut, (the City) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

We noted the following new matters involving the internal control over financial reporting and its operation that we offer our recommendations as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

Urban Redevelopment Commission (URC) - Accounting and Financial Reporting

In order for us to complete our audit procedures related to the URC, numerous requests were made prior to getting the final information required to complete the audit of the URC. In some instances, correspondence went ignored and required the assistance of the Controller in order to obtain the required supporting information.

Recommendation

We recommend that supporting information requested should be shared with auditors from the initial due date of the request (as communicated by the Controller's Office). In addition, we recommend the URC respond to the auditors' requests in a timely fashion so that the audit can be completed as scheduled.

Matters Noted in Previous Years:

The following matters involving the internal control over financial reporting and its operation were noted in previous years but have not been fully remediated. Again, we offer our recommendations as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

Grants Accounting

All grants, including capital grants, need to be analyzed on a regular basis in order to ensure that accounts receivable and deferred revenues are accurately recorded at year end. Upon audit inquiry, several journal entries were made to record changes to total grants accounts receivable and deferred revenues. In addition, it appears that numerous capital projects appear to be several years old and grants personnel are uncertain as to why the receivables hadn't been collected.

Recommendation

We recommend that the City implement policies and procedures to ensure grants accounts receivable and deferred revenues are recorded timely. In addition, polices and procedure should be in place to ensure accounts receivables are collected on completed projects and that any aged receivables are reviewed regularly for collectability and, when necessary, that review include individuals familiar with all aspects of the projects.

Property Tax Receivable

During our audit of tax receivable, we noted that the initial tax receivable amount per the Tax Collector's Report did not agree with the amounts in the general ledger. Final adjustments to the Tax Collector's Report were not completed until five months after year end and delayed the completion of the audit.

Recommendation

We recommend that the updates to the property tax accounts are prepared by the Tax Department in a timely manner and all pertinent backup information be available upon request. The Tax Collector's Report should reconcile back to the appropriate HTE general ledger accounts. In addition, any support to the Tax Collector's Report should be readily available for review.

Timekeeping Oversight and Administration

Currently, City departments utilize the automated time and attendance system, Kronos®, to ensure that employee's attendance and hours worked are properly recorded for payroll purposes. Due to the varied introduction of the use of this software application to City departments, the monitoring of employee hours worked lacks common procedures for the approval of overtime. Our audit procedures indicate that a significant number of individuals can approve overtime and that an administrative or supervisory level individual is not always required for such approvals. In addition, we noted that not all departments utilize the timecard function of the software application. The Kronos® attendance system also lacks the ability to track compensated absences for the City. The City utilizes spreadsheets to compute these liabilities manually. This can lead to computation errors along with the incorrect categorizing of employees to their appropriate unions.

Recommendation

We continue to recommend that the City standardize payroll policies and procedures related to the use of Kronos® for all City departments (including the Board of Education). Written policies should be established that identify the approval level and name of all authorized approvers. Also, overtime incurred should be reviewed and approved at the appropriate supervisory level to ensure that overtime is justified and that the reasons for any overtime worked (or other edits to time or attendance) are being clearly documented in accordance with established policies. The City should look into a tool to better track and compute compensated absences to eliminate the potential for errors.

Internal Service Fund

The City is self-insured for police officers' and firefighters' heart and hypertension claims as required by State Statute. The pay-as-you-go portion of the claims is paid from the City's Risk Management - Internal Service Fund. The City utilizes a third party to prepare an actuarial valuation to determine the heart and hypertension claims' liability. The claims' liability is being recorded at the government-wide level as required by GASB Statement No. 34 but it is not recorded in the Risk Management fund.

Recommendation

We continue to recommend that the City record the heart and hypertension liability in the Risk Management fund and establish a long-term plan to fund the deficit created by the recording of this liability.

This letter should be read in conjunction with our report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 29, 2016.

This communication is intended solely for the information and use of management, Members of the Board of Finance, others within the organization and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 29, 2016