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To: The Honorable Mary Sue Rich, President of the Council
The Honorable John McLeod, President Pro Tem
The Honorable Suzy Heinbockel
The Honorable Jay Musleh
The Honorable Daniel Owen
The Honorable Kent Guinn, Mayor
Matthew Brower, City Manager

Date: February 5, 2013

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, 2012. We have completed procedures for Electronic Fund Transfers. 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 procedures performed also serve as a follow-up to the Internal Audit issued August 2, 2011.

During Fiscal Year 2012, 103 outgoing wires transfers totaling $143,077,962 and 55 outgoing automated clearing house transactions totaling $448,204 were processed. We performed a detail review of 25 transactions, which represented 16% of the outgoing wire and automated clearing house transactions processed for the fiscal year.

Based upon our procedures performed, we conclude that Management's established procedures and internal controls over the outgoing wire and automated clearing house transaction 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.

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.

Jeanne Covington

Jeanne Covington, Internal City Auditor

c: Cindy Kelley, Interim Chief Financial Officer and Assistant City Manager
Mary Ann Davis, Controller