



City of Norfolk, Virginia

**Presentation of audit results
Year ended June 30, 2016**

December 20, 2016



Agenda

- Summary of audit results
- Review of required communications
- Review of internal control and single audit results

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Audit of the financial statements for the year ended June 30, 2016

- Audit of June 30, 2016 financial statements is complete
 - “Clean” opinion issued on the financial statements
 - Issued required government auditing standards report
 - Single audit of Federal programs and certain state requirements completed – to be discussed further below

Required communications related to the audit

- Our responsibility and responsibility of management
- Required communications regarding the conduct of the audit
 - We have read the other information included in the financial statements for consistency. We have not performed any audit procedures over the information.
 - Accounting policies and alternative treatments
 - Significant accounting policies – City adopted GASB 72, 76 and 79
 - Qualitative aspects of accounting practices
 - Management judgments and accounting estimates
 - Accrual for self-insurance liabilities
 - Pension and other postemployment benefits
 - Adjustments recorded as a result of the audit are attached to the letter documenting the required communications
 - No disagreements with management on financial accounting and reporting matters
 - To the best of our knowledge, there have been no consultations with other accountants
 - No significant difficulties in dealing with management in performing our audits
 - We confirm our independence in accordance with professional standards

Discussion of internal control and single audit

- There were no material weaknesses in internal control at the financial statement level (City, EDA or ERS)
- Certain suggestions for improvement were discussed with management
- Single audit was completed
 - The City expended \$99.0 million in Federal assistance during FY 2016
 - 6 programs were audited – 1 at Norfolk Public Schools, 5 at the City
 - All programs that receive Federal assistance in excess of approximately \$2.9 million are subject to audit at least once every three years. Certain smaller programs are audited each year based on their individual and collective risk profiles
 - Scoping changed in FY 2016 with implementation of the Uniform Guidance

Single audit findings

- Certain reportable findings were noted during the Single Audit and are described in the Compliance Section of the CAFR
 - TANF – Eligibility (2016-001)
 - TANF – Special Tests: Penalty for Refusal to Work (2016-002)
 - Medicaid – Eligibility (2016-003)
 - SNAP – Special Tests: ADAPT System (2016-004)
- Four APA findings were noted



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