

**CITY OF DOVER, DELAWARE**

**Single Audit Together with  
Reports of Independent Public Accountants**

**For the Year Ended June 30, 2013**



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**JUNE 30, 2013**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Honorable Mayor and Members of the  
City Council of Dover, Delaware  
Dover, Delaware

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, Delaware (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

The management's discussion and analysis, the general fund – schedule of revenues, expenditures, and changes in fund balance – budget and actual, the governmental capital projects fund – schedule of revenues, expenditures and changes in fund balance – budget and actual and required supplemental schedules of funding progress and schedules of employer contributions for the Police and General Pension Plans Funds and the Other Post Employment Plan are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements and other budgetary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and other budgetary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



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## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hunt Valley, Maryland  
December 11, 2013



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

The Honorable Mayor and Members of the  
City Council of Dover, Delaware  
Dover, Delaware

**Report on the Financial Statements**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dover, Delaware (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, Maryland  
December 11, 2013



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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and Members of the  
City Council of Dover, Delaware  
Dover, Delaware

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Dover, Delaware (the City)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the year ended June 30, 2013. The City's major Federal programs are identified in the summary of the independent public accountant's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the City's compliance.



## **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02. Our opinion on each major Federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Prior Year Audit Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies.



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We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hunt Valley, Maryland  
February 10, 2014

**CITY OF DOVER, DELAWARE**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-through or Grant Number</b>	<b>Federal Expenditures</b>
<b>Department of Housing and Urban Development</b>			
Community Development Block Grant	14.218	B-09-MC-10-0002	\$ 83
Community Development Block Grant	14.218	B-10-MC-10-0002	30
Community Development Block Grant	14.218	B-11-MC-10-0002	46,044
Community Development Block Grant	14.218	B-12-MC-10-0002	173,355
			<u>219,512</u>
<u>Passed through State of Delaware</u>			
Neighborhood Stabilization Program	14.228	Contract No. NSP 02-08	380,850
<b>Total Department of Housing and Urban Development</b>			<u><u>600,362</u></u>
<b>Department of Justice</b>			
LE Training & OT	16.738	2010-DJ-BX-0312	11,183
2011 CJC Grant	16.738	2011-DJ-BX-2217	15,362
Enforcing Underage Drinking Laws Program	16.727	N/A	10,317
Byrne Grant	16.738	2012-DJ-BX-0242	33,332
Title V - Delinquency Prevention Program	16.548	JD09-91	8,019
Title V - Delinquency Prevention Program	16.548	JD10-92	23,793
2009 Cops Grant	16.710	2009RKWX0194	56,357
Federal Forfeiture Funds	16.000	DE0010100	72,329
<b>Total Department of Justice</b>			<u><u>230,692</u></u>
<b>Department of Transportation</b>			
Office of Highway Safety	20.607	N/A	<u>49,970</u>
<b>National Endowment for the Arts</b>			
Project Support Grant	45.025	2013.6469	<u>1,500</u>
<b>Environmental Protection Agency</b>			
<u>Passed through State of Delaware</u>			
ARRA - Capitalization Grant for Clean Water - State Revolving Funds WW	66.458	12000047	<u>371,387</u>
<b>Department of Homeland Security</b>			
FY10 BZPP-Dover PD	97.078	FY10 BZPP-Dover PD	106,312
Penetration Testing and Remediation	97.067	FY10-013	1,224
FY09 Disaster Recover for Critical Infrastructure	97.067	FY09-026	50,000
Backup Generator	97.067	2008-GE-T8-0024	93,000
DEMA Hurricane Relief	97.036	Hurricane Sandy	92,641
DEMA Hurricane Relief	97.036	Hurricane Sandy	108,632
DEMA Hurricane Relief	97.036	Hurricane Sandy	50,876
<b>Total Department of Homeland Security</b>			<u>502,685</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,756,596</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF DOVER, DELAWARE**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

All Federal grant operations of the City of Dover, Delaware (the City) are included in the scope of the Office of Management and Budget (OMB) Circular A-133 Audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133, Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. The programs on the Schedule of Expenditures of Federal Awards represent all Federal award programs and other grants with fiscal year 2013 cash or non-cash expenditure activities. For our single audit testing, we tested Federal award programs to ensure coverage of at least 50% of Federally granted funds. Our actual coverage was 55%. The major programs tested are listed below.

<u>Major Program</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Community Development Block Grant	14.218	\$ 83
Community Development Block Grant	14.218	30
Community Development Block Grant	14.218	46,044
Community Development Block Grant	14.218	173,355
Neighborhood Stabilization Program	14.228	380,850
ARRA - Capitalization Grant for Clean Water - State Revolving Funds WW	66.458	371,387
<b>Total Major Programs</b>		<u>\$ 971,749</u>

**2. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**3. SUB-RECIPIENTS OF FEDERAL AWARDS**

The City passed funds to sub-recipients totaling \$103,596, during the year ended June 30, 2013. A summary of the entities which the funds were passed to is listed below:

<u>Recipient</u>	<u>CFDA</u>	<u>Amount Paid to Sub-Recipient</u>
Milford Housing Development Corporation	14.218	\$ 21,002
Dover Interfaith	14.218	19,812
Elizabeth W Murphey	14.218	32,782
Serenity Place Inc.	14.218	30,000
Total		<u>\$ 103,596</u>

**CITY OF DOVER, DELAWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Section I –Summary of Independent Public Accountants’ Results**

**Financial Statements**

Type of independent public accountants’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies:	None noted
Noncompliance material to financial statements?	No

**Federal Awards**

Type of report of independent public accountants’ issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies:	Yes
Audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes

**Identification of Major Programs:**

<u>Major Program</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Community Development Block Grant	14.218	\$ 83
Community Development Block Grant	14.218	30
Community Development Block Grant	14.218	46,044
Community Development Block Grant	14.218	173,355
Neighborhood Stabilization Program	14.228	380,850
ARRA - Capitalization Grant for Clean Water - State Revolving Funds WW	66.458	371,387
		<u>\$ 971,749</u>
Dollar threshold used to determine Type A and B programs		\$ 300,000
Does the City qualify as a low-risk auditee?		No

**CITY OF DOVER, DELAWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Section II –Financial Statement Findings**

None noted.

**Section III –Federal Award Findings**

See reference numbers 2013-01 and 2013-02.

**CITY OF DOVER, DELAWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2013-01**

**Program Number: CFDA #16.738      FY10 LE Training & OT  
CFDA #16.727      FY 2012 ATF**

**Type of Finding: Noncompliance, Significant Deficiency  
Compliance Requirement(s): Allowable Costs, Payroll and Fringe Benefits**

***Criteria:***

Per the 2011 Financial Guide, U.S. Department of Justice, Office of Justice Program, allowable costs, overtime compensation:

1. You should compensate recipient and sub-recipient employees with overtime payments for work performed in excess of the established work week (usually 40 hours).
  - a. Payment of more than occasional overtime is subject to periodic review by the awarding agency.
  - b. In addition, overtime compensation is typically reviewed during site visits and audits.
2. Executives, such as the president or executive director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements.
3. In no case is dual compensation allowable. That is, an employee of a unit of Federal, State, or local government may not receive compensation from his/her unit or agency of government and from an award for a single period of time (e.g., 1 to 5 p.m.), even though such work may benefit both activities.

***Condition:***

The City allows officers to receive compensation for vacation/leave time and from Federal award for a single period of time (e.g. 1 to 5 p.m.). The officers are working an extra-duty shift that is paid at time and half and charged against the Federal grant. The City was notified by the pass-through granting agency that this was an allowable activity.

***Cause:***

The City is not familiar with the allowable costs of the grants

***Effect:***

The Federal programs were charged with OT, while the officer had not worked more than 40 hours during the week.

***Recommendation:***

We recommend the City work with Federal agencies in developing policies and procedures related to the charging of overtime.

***Questioned costs:***

Undeterminable

**CITY OF DOVER, DELAWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2013-01** (continued)

***Corrective Action Plan:***

Our Chief of Police has implemented your recommendation for the City to ensure that officers who are working on Federal grants less than 40 hours in a week do not charge overtime rates to the Federal government.

***Status:***

City of Dover was not made aware of this violation until the middle of fiscal year 2013. We noted procedures have been implemented to ensure the correct amount of hours is charged by each officer.

## **CITY OF DOVER, DELAWARE**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013**

**Reference Number: 2013-02**

**Program Number: All**

**Type of Finding: Significant Deficiency  
Compliance Requirement(s): Allowable Costs**

***Criteria:***

Per the 2011 Financial Guide, U.S. Department of Justice, Office of Justice Program, support of salaries, wages, and fringe benefits:

Charges made to Federal awards for salaries, wages, and fringe benefits will be based on payroll records approved by a responsible official(s) and in accordance with the generally accepted practice of the organization.

- Where recipient employees are expected to work solely on a single Federal award, charges for their salaries must be supported by periodic certifications.
- These certifications must be prepared at least every 6 months and signed by the employee and supervisory official having firsthand knowledge of the employee's work.
- Where grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and/or effort reports (e.g., timesheets). These reports must:
  - Reflect an after-the-fact distribution of the actual activity of each employee;
  - Account for the total activity for which each employee is compensated;
  - Be prepared monthly and coincide with one or more pay periods; and
  - Be signed by the employee and approved by a supervisory official having firsthand knowledge of the work performed.
- In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from the awarding agency.

***Condition:***

During procedures performed to understand controls, SBC confirmed that officers that are being charged to the grants are not reporting their time individually. Officers have the ability to record time for another officer.

***Cause:***

The City is unaware of the time reporting requirements applicable to Federal grants.

***Effect:***

Federal grants may have been charged incorrectly due to weak internal control over time reporting.

**CITY OF DOVER, DELAWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2013-02** (continued)

***Recommendation:***

We recommend that the City adjust their time reporting system to restrict users from the ability to report time on another individual's behalf.

***Questioned costs:***

Undeterminable

***Corrective Action Plan:***

We are developing City-wide procedures and internal control processes that will restrict users from the ability to report time on another individual's behalf.

***Status:***

City of Dover was not made aware of this violation until the middle of fiscal year 2013. Processes have been implemented to restrict access for employees to report time on another individual's behalf.

**CITY OF DOVER, DELAWARE**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2012-01**

**Program Number: CFDA #16.738      FY10 LE Training & OT  
CFDA #16.727      FY 2012 ATF**

**Type of Finding: Noncompliance, Significant Deficiency**

**Compliance Requirement(s): Allowable Costs, Payroll and Fringe Benefits**

***Criteria:***

Per the 2011 Financial Guide, U.S. Department of Justice, Office of Justice Program, allowable costs, overtime compensation:

4. You should compensate recipient and sub-recipient employees with overtime payments for work performed in excess of the established work week (usually 40 hours).
  - a. Payment of more than occasional overtime is subject to periodic review by the awarding agency.
  - b. In addition, overtime compensation is typically reviewed during site visits and audits.
5. Executives, such as the president or executive director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements.
6. In no case is dual compensation allowable. That is, an employee of a unit of Federal, State, or local government may not receive compensation from his/her unit or agency of government and from an award for a single period of time (e.g., 1 to 5 p.m.), even though such work may benefit both activities.

***Condition:***

The City allows officers to receive compensation for vacation/leave time and from Federal award for a single period of time (e.g. 1 to 5 p.m.). The officers are working an extra-duty shift that is paid at time and half and charged against the Federal grant. The City was notified by the pass-through granting agency that this was an allowable activity.

***Cause:***

The City is not familiar with the allowable costs of the grants

***Effect:***

The Federal programs were charged with OT, while the officer had not worked more than 40 hours during the week.

***Recommendation:***

We recommend the City work with Federal agencies in developing policies and procedures related to the charging of overtime.

***Questioned costs:***

Undeterminable

**CITY OF DOVER, DELAWARE**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2012-01** (continued)

***Corrective Action Plan:***

Our Chief of Police has implemented your recommendation for the City to ensure that officers who are working on Federal grants and less than 40 hours in a week do not charge overtime rates to the Federal government.

***Status:***

See current year finding 2013-01

## **CITY OF DOVER, DELAWARE**

### **Schedule of Prior Year Audit Findings and Questioned Costs For the Year Ended June 30, 2013**

**Reference Number: 2012-02**

**Program Number: All**

**Type of Finding: Significant Deficiency**  
**Compliance Requirement(s): Allowable Costs**

***Criteria:***

Per the 2011 Financial Guide, U.S. Department of Justice, Office of Justice Program, support of salaries, wages, and fringe benefits:

Charges made to Federal awards for salaries, wages, and fringe benefits will be based on payroll records approved by a responsible official(s) and in accordance with the generally accepted practice of the organization.

- Where recipient employees are expected to work solely on a single Federal award, charges for their salaries must be supported by periodic certifications.
- These certifications must be prepared at least every 6 months and signed by the employee and supervisory official having firsthand knowledge of the employee's work.
- Where grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and/or effort reports (e.g., timesheets). These reports must:
  - Reflect an after-the-fact distribution of the actual activity of each employee;
  - Account for the total activity for which each employee is compensated;
  - Be prepared monthly and coincide with one or more pay periods; and
  - Be signed by the employee and approved by a supervisory official having firsthand knowledge of the work performed.
- In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from the awarding agency.

***Condition:***

During procedures performed to understand controls, SBC confirmed that officers that are being charged to the grants are not reporting their time individually. Officers have the ability to record time for another officer.

***Cause:***

The City is unaware of the time reporting requirements applicable to Federal grants.

***Effect:***

Federal grants may have been charged incorrectly due to weak internal control over time reporting.

**CITY OF DOVER, DELAWARE**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2012-02** (continued)

***Recommendation:***

We recommend that the City adjust their time reporting system to restrict users from the ability to report time on another individual's behalf.

***Questioned costs:***

Undeterminable

***Corrective Action Plan:***

We are developing City-wide procedures and internal control processes that will restrict users from the ability to report time on another individual's behalf.

***Status:***

See current year finding 2013-02

**CITY OF DOVER, DELAWARE**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**Reference Number: 2012-03**

**Program Number: All**

**Type of Finding: Significant Deficiency  
Compliance Requirement(s): Financial Reporting**

***Criteria:***

According to OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, §.310, B(3), the auditee is required to “provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available” included in the Schedule of Expenditures of Federal Awards (SEFA).

***Condition:***

City administrators reported an incomplete SEFA, upon further inquiry, additional Federal funds were discovered. Prior years Federal amounts could be understated

***Cause:***

Because most of the grants are received through sub-recipients and were not notified that the grants were from Federal agencies.

***Effect:***

Audit adjustments were required to the fiscal year 2012 SEFA.

***Recommendation:***

We recommend that department grant managers ensure that record of Federal grants are tracked separately and reported to the finance department during the compilation of the SEFA.

***Questioned costs:***

Undeterminable

***Corrective Action Plan:***

We are working with the Department Heads to insure that all grants be tracked separately and reported to Finance by Federal Agency, Program and CFDA number. The reporting will be completed and reconciled with Finance accounts monthly for compilation of the SEFA.

***Status:***

SBC did not have any adjustments to the SEFA for fiscal year 2013. Management has represented that all Federal awards were reported on the SEFA.