CITY OF SAN ANTONIO

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July 28, 2006

Frances Gonzalez
Assistant City Manager

Dennis Campa,
Director, Department of Community Initiatives

Mrs. Gonzalez and Mr. Campa:

SUBJECT: Management Memorandum - Follow-up review of the Youth Opportuntity Program Audit

The Internal Audit Department has completed a review of the corrective action taken for the observations delineated in the May 2003 Youth Opportunity Program audit report. This Program is funded by grants from the U.S. Department of Labor through Alamo Workforce Development, Inc. that have totaled $28 million since the program began in June 2000. Since this program is no longer administered by the City, we have determined that many of the observations in the 2003 audit report are no longer relevant. However, during our follow-up work, we did observe several areas that could be considered "lessons learned" and used as a catalyst to improve the administration of any similar future programs administered by DCI.

Lesson # 1 – Provide Adequate Resources for Fiscal Management

Key internal controls should be identified and documented as they relate to program fiscal management. Incompatible assignment of critical functions should be separated; duties involving receipting, collecting, depositing, recording and reporting of revenues should be separated. All financial transactions should be sufficiently documented to ensure the purpose, value, time, and creator/reviser of all events. Internal control weaknesses leave processes prone to errors and omissions. These weaknesses accompanied by the absence of auditable records, can jeopardize the continued funding of future programs.

DCI Management should ensure that adequate resources are allocated to establish an effective means to execute DCI's fiduciary responsibilities for sound fiscal management.

Lesson # 2 – Safeguarding Program Assets

Safeguards for program assets should be improved by ensuring property is properly recorded, reported, and safeguarded to prevent misuse, loss or theft. This should include annual physical inventories that are reconciled with property records. Additionally, DCI should notify the police and any other relevant funding agency when property is stolen or missing.

Lesson # 3 - Timeliness of Reimbursement

Delays in submitting reimbursement requests continued to be a concern with Project YO. Future programs should address control weaknesses observed that have contributed to delays in submitting reimbursement requests. In addition, DCI Management should more carefully monitor the timeliness of program payments to the City for invoicing in the future.

We would like to express our thanks and appreciation to you and your staff for the assistance and cooperation provided to the audit team during the audit. Should you have any questions or concerns regarding any of these "lessons learned", please do not hesitate to contact us. We will be glad to assist you in any way possible.

Sincerely,

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