

**CITY OF SYRACUSE, NEW YORK**

**Reports Required by the Single Audit Act  
and Government Auditing Standards**

**June 30, 2011**

CITY OF SYRACUSE, NEW YORK

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**INDEPENDENT AUDITOR'S 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***

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To the Honorable Mayor, Stephanie Miner  
and the Members of the Common Council  
City of Syracuse, New York

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Syracuse, New York as of and for the year ended June 30, 2011, which collectively comprise the City of Syracuse, New York's basic financial statements and have issued our report thereon dated February 23, 2012. 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.

This report does not include the results of the City School District of Syracuse, New York's testing of internal control over financial reporting or compliance and other matters that are reported on in a separate report.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the City of Syracuse, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Syracuse, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Syracuse, New York's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-1, 11-3, 11-10 and 11-11 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-2 and 11-4 through 11-9 to be significant deficiencies.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Syracuse, New York's financial statements are free of 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*.

We noted certain matters that we reported to management of the City of Syracuse, New York in a separate letter dated February 23, 2012.

The City of Syracuse, New York's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Syracuse, New York's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Mayor, Members of the Common Council, other management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 23, 2012  
Syracuse, New York

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF  
OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

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To the Honorable Mayor, Stephanie Miner  
and the Members of the Common Council  
City of Syracuse, New York

**COMPLIANCE**

We have audited the City of Syracuse, New York'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 of Syracuse, New York's major federal programs for the year ended June 30, 2011. The City of Syracuse, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Syracuse, New York's management. Our responsibility is to express an opinion on the City of Syracuse, New York's compliance based on our audit.

The City of Syracuse, New York's financial statements include the operations of the City School District of Syracuse, New York (the "District"), which expended \$63,116,950 in federal awards which are not included in the schedule for the year ended June 30, 2011. Our audit, described below, did not include the operations of the City School District of Syracuse, New York because the District has a separate audit in accordance with OMB Circular A-133 and issues a separate single audit report.

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 of Syracuse, New York'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. Our audit does not provide a legal determination on the City of Syracuse, New York's compliance with those requirements.

In our opinion, the City of Syracuse, New York complied, in all material respects, with the 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, 2011. The results of our auditing procedures disclosed noncompliance with those requirement, which are required to be reported in accordance with *OMB Circular A-133* and are described in the accompanying schedule of findings and questioned costs as items 11-12 through 11-18.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the City of Syracuse, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Syracuse, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 of Syracuse, New York's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others we consider to be material weaknesses.

*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 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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-12 through 11-14, 11-16 and 11-20 through 11-22 to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-15 and 11-17 through 11-19 to be significant deficiencies.

The City of Syracuse, New York's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Syracuse, New York's responses and, accordingly, we express no opinion on the responses.

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited 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 Syracuse, New York as of and for the year ended June 30, 2011 which collectively comprise the City of Syracuse, New York's basic financial statements, and have issued our report thereon dated February 23, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Syracuse, New York's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Mayor, Members of the Common Council, other management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 23, 2012  
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Identifying Number	Federal Expenditures
<b>U.S. Department of Defense</b>			
Direct :			
Protection of Essential Highways, Highway Bridge Approaches and Public Works: Valley Drive Sewer Improvements/Total U.S. Department of Defense	12.105	GA-LRB-06-001	\$ <u>11,235</u>
 <b>U.S. Department of Housing and Urban Development</b>			
Direct:			
Community Development Block Grants/Entitlement Grants/Cluster:			
	14.218	B-07-MC-36-0108	36,402
	14.218	B-08-MC-36-0108	123,127
	14.218	B-09-MC-36-0108	1,502,659
	14.218	B-10-MC-36-0108	4,053,989
	14.218	B-11-MC-36-0108	366,093
ARRA - Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-MY-36-0108	<u>187,995</u>
Total Community Development Block Grants/Entitlement Grants Cluster			<u>6,270,265</u>
Community Development Block Grants/Special Purpose Grants/Insular Area:			
EDI Grant - NECC	14.227	B-03-SP-NY-0558	16,245
EDI Grant - Destiny	14.227	B-03-SP-NY-0589	962,351
EDI Grant - Elmwood Park	14.227	B-04-SP-NY-0536	117,127
EDI Grant - Open Hand Theater	14.227	B-04-SP-NY-0537	62,912
EDI Grant - Airport	14.227	B-03-SP-NY-0518	3,074
EDI Grant - N. Salina St. Corridor	14.227	B-03-SP-NY-581	<u>84,188</u>
Total Community Development Block Grants/Special Purpose Grants/Insular Area			<u>1,245,897</u>
Community Development Block Grants/ State's Program and Non-Entitlement Grants			
	14.228	B-08-DN-36-001	<u>83,752</u>
Emergency Shelter Grants Program:			
	14.231	S-09-MC-36-0007	35,205
	14.231	S-10-MC-36-0007	233,093
	14.231	S-11-MC-36-0007	<u>13,113</u>
Total Emergency Shelter Grants Program			<u>281,411</u>
HOME Investment Partnership Program:			
	14.239	M-07-MC-36-0505	35,689
	14.239	M-08-MC-36-0505	103,196
	14.239	M-09-MC-36-0505	281,122
	14.239	M-10-MC-36-0505	<u>308,288</u>
Total HOME Investment Partnership Program			<u>728,295</u>
Community Development Block Grants/Brownfields Economic Development Initiative:			
Syracuse Neighborhood Initiative V	14.246	B-NINYSY-0027	182,084
Syracuse Neighborhood Initiative VI	14.246	B-04NINY-0031	173,191
Syracuse Neighborhood Initiative VII	14.246	B-05NINY-0049	323,825
Syracuse Neighborhood Initiative VIII	14.246	B-06NINY-0036	<u>166,253</u>
Total Community Development Block Grants/Brownfields Economic Development Initiative			<u>845,353</u>
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	S-09-MY-36-0007	<u>895,138</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development (Cont'd)</b>			
Direct:			
Lead-Based Paint Hazard Control in Privately-Owned Housing:			
	14.900	NYLHD0168-07	1,190,487
	14.900	NYLHB0350-07	532,696
	14.900	NYLHB0145-09	960,476
	14.900	NYLHB0216-10	<u>5,400</u>
Total Lead-Based Paint Hazard Control in Privately-Owned Housing			<u>2,689,059</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>13,227,165</u>
<b>U.S. Department of Justice</b>			
Direct:			
Public Safety Partnership and Community Policing Grants:			
06/10 COPS Technology Grant	16.710	2006-CK-WX-0256	20,369
ARRA - 06/08 COPS Technology Grant	16.710	2009-RK-WX-0652	<u>146,357</u>
Total Public Safety Partnership and Community Policing Grants			<u>166,726</u>
Edward Byrne Memorial Justice Assistance Grant Program:			
09/13 E.B. Memorial Justice Grant	16.738	2010-DJ-BX-1046	116,714
06/10 E.B. Memorial Justice Grant	16.738	2007-DJ-BX-0756	2,044
07/11 E.B. Memorial Justice Grant	16.738	2008-DJ-BX-0313	30,801
08/12 E.B. Memorial Justice Grant	16.738	2009-DJ-BX-0351	<u>35,325</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>184,884</u>
ARRA - Internet Crimes Against Children	16.800	2009-SN-B9-K023-07	<u>10,778</u>
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government:			
ARRA - 09/13 Recovery Act E.B. Memorial	16.804	2009-SB-B9-2145	<u>209,641</u>
Total Direct			<u>572,029</u>
Passed-through Onondaga County and The Gifford Foundation:			
Project Safe Neighborhoods:			
09/10 Project Safe Neighborhoods	16.609	2007-F3156-NY-PG	<u>47,822</u>
Total Passed-through Onondaga County and The Gifford Foundation			<u>47,822</u>
Passed-through NYS Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program:			
10/11 Gang Retaliation Initiative	16.738	BJU09632172	<u>49,672</u>
Total Passed-through NYS Department of Criminal Justice Services			<u>49,672</u>
<b>Total U.S. Department of Justice</b>			<u>669,523</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Identifying Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
Direct:			
Airport Improvement Program	20.106		<u>4,937,542</u>
Total Direct			<u>4,937,542</u>
Passed-through NYS Department of Transportation:			
Highway Planning and Construction Grants:			
Erie Blvd Bridge over Onondaga Creek	20.205	303484	48,644
Route 173 over Onondaga Creek	20.205	350145	32,251
Interconnect Expansion (W.Genesee/Geddes)	20.205	375285	28,004
ARRA - Dorwin Ave Bridge	20.205	375289	183,251
W. Washington Street Bridge	20.205	375290	2,661
Dickerson Street Bridge	20.205	375291	5,300
Midland Ave. Bridge	20.205	375292	4,332
Creekwalk	20.205	375299	2,525,486
Creekwalk	20.205		43
Hiawatha Boulevard	20.205	375307	3,293
Auto Row Bridge Improvements	20.205	375396	69,670
West Fayette St. Bridge over Onondaga Creek	20.205	375434	50,446
SU - East Genesee St. Corridor	20.205	375446	705,971
Waste Collection Route Study	20.205	375496	129,726
Tip Mill & Pave Project	20.205	375507	<u>1,162,116</u>
Total Highway Planning and Construction/Total Passed-through NYS Department of Transportation			<u>4,951,194</u>
Passed-through NYS Traffic Safety Committee:			
State and Community Highway Safety:			
09/10 Selective Traffic Enforcement Program	20.600	PD00533(034)	33,417
09/11 Distracted Driving Enforcement	20.600	DD2001-02	<u>65,000</u>
Total State and Community Highway Safety			<u>98,417</u>
Occupant Protection Incentive Grants:			
09/10 Child Passenger Safety Program	20.602	PD00380(034)	8,635
10/11 Child Passenger Safety Program	20.602	PD00278(034)	<u>790</u>
Total Occupant Protection Incentive Grants			<u>9,425</u>
Safety Incentive Grants for Use of Seatbelts:			
09/10 Buckle Up New York	20.604	PD00468(034)	<u>47,940</u>
Total Passed-through NYS Traffic Safety Committee			<u>155,782</u>
Total U.S. Department of Transportation			<u>10,044,518</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Identifying Number	Federal Expenditures
<b>U.S. Environmental Protection Agency</b>			
Direct:			
Congressionally Mandated Projects:			
Water Transmission Mains	66.202	XP-98285601-0	<u>325,304</u>
Total Direct			<u>325,304</u>
Passed-through NYS Environmental Facilities Corporation:			
Capitalization Grants for Drinking Water State Revolving Fund:			
ARRA - GIGP Photovoltaic System - Westcott Reservoir	66.468	GIGP #21	51,060
ARRA - GIGP Photovoltaic System - Westcott Reservoir	66.468	GIGP #23	<u>232,291</u>
Total Capitalization Grants for Drinking Water State Revolving Fund/ Total Passed-through NYS Environmental Facilities Corporation			<u>283,351</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>608,655</u>
<b>U.S. Department of Energy</b>			
Direct:			
Energy Efficiency and Conservation Block Grant Program (EECBG):			
ARRA - 09/12 Energy Efficiency & Conservation	81.128	DE-SC0002919	<u>443,912</u>
Total Direct/Total U.S. Department of Energy			<u>443,912</u>
<b>U.S. Department of Homeland Security</b>			
Direct:			
Assistance to Firefighters Grant:			
09/10 Fire Prevention and Safety	97.044	EMW-2008-FP-00986	<u>440</u>
Total Direct			<u>440</u>
Passed-through NYS Office of Homeland Security:			
Homeland Security Grant Program:			
06/11 Bomb Squad Grant	97.067	WM06152961	27,449
08/11 Metro Medical Response	97.067	C176585	65,203
09/12 Metro Medical Response	97.067	C17695	22,723
06/10 SUASP--Fire Department	97.067	C834564	2,524
09/12 Law Enforcement Terrorism Prevention	97.067	WM2009-SLETPP	5,607
07/11 SUASP--Fire Department	97.067	C834574	34,891
07/11 Metro Medical Response	97.067	C834575	<u>102,517</u>
Total passed through NYS Office of Homeland Security/Subtotal Homeland Security Grant Program			<u>260,914</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Identifying Number	Federal Expenditures
<b>U.S. Department of Homeland Security (Cont'd)</b>			
Passed-through Onondaga County:			
Homeland Security Grant Program:			
08/11 Urban Area Security Initiative	97.067	WM08834583	<u>249,467</u>
Total passed through Onondaga County/Total Homeland Security Grant Program			<u>249,467</u>
Total U.S. Department of Homeland Security			<u>510,821</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 25,515,829</u></b>

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See Accompanying Notes to Schedule of Expenditures of Federal Awards

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the City of Syracuse, New York, an entity as defined in the basic financial statements. Federal awards that are included in this schedule may be received from federal agencies, as well as federal awards that are passed through from other governmental agencies. Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting, except for the U.S. Department of Transportation Airport Improvement Program, which is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statement.

**2. MATCHING COSTS**

Matching costs (the City's or New York State's share of certain program costs) are not included in the reported expenditures.

**3. INDIRECT COSTS**

Indirect costs may be included in the reported expenditures, to the extent they are included in the federal financial reports used as the source for the data presented.

**4. OTHER AUDITORS**

The basic financial statements of the City of Syracuse, New York, include Syracuse Industrial Development Agency (SIDA) and Syracuse Economic Development Corporation (SEDCO) as discretely presented component units. SIDA and SEDCO have fiscal years which end December 31. Separate audited financial statements are prepared by other auditors for SIDA and SEDCO and reports may be obtained by writing to City Hall, Syracuse, New York 13202. Financial assistance relating to SIDA and SEDCO are not included in the schedule of expenditures of federal awards; however, the separate audited financial statements contain the required schedules.

**5. CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK**

The City School District of Syracuse, New York is a component unit of the City of Syracuse, New York. Financial assistance relating to the District is not included in the schedule of expenditures of federal awards; however, a separate single audit report contains the required reports and schedules.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part I - Summary of Auditor's Results**

- The independent auditor's report on the basic financial statements expressed an unqualified opinion.
- Significant deficiencies and material weaknesses in internal control were disclosed during the audit of the financial statements.
- No instances of noncompliance material to the basic financial statements were disclosed during the audit.
- Significant deficiencies and material weaknesses in internal control over compliance with requirements applicable to major federal award programs were identified.
- The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
- The audit disclosed findings which are required to be reported in accordance with Section .510(a) of OMB Circular A-133.
- Major programs are as follows:

<u>CFDA Number</u>	<u>Program Title</u>
14.218, 14.253	Community Development Block Grants- Entitlement Grants Cluster
14.227	Community Development Block Grants/Special Purpose Grants/Insular Area
14.246	Community Development Block Grants/Brownfields Economic Development Initiative
14.257	Homelessness Prevention and Rapid Re-Housing Program
14.900	Lead Based Paint Hazard Control in Privately-Owned Housing
20.106	Airport Improvement Program
20.205	Highway Planning and Construction Grants

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part I - Summary of Auditor's Results (Cont'd)**

- A threshold of \$759,835 was used to distinguish between Type A and Type B programs, for the City of Syracuse, New York.
- The City of Syracuse, New York did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**Part II - Financial Statement Findings**

**Reference Number: 11-1**

**Financial Reporting**

**Criteria:**

Internal controls over financial reporting should be properly designed, implemented and monitored to ensure all material transactions are recorded properly.

**Cause/Condition:**

There is not consistent review or oversight of the financial reporting for the various funds and departments of the City.

- The City should evaluate the impact of commitments and contingencies such as pending legal issues,
- Not all funds or departments financials are reviewed on a periodic basis,
- In certain instances, transactions were not recorded accurately or in the proper fiscal year.

**Effect:**

There were material audit adjustments in the following funds/departments as a result of our audit:

- General Fund
- Department of Public Works
- Capital Projects Fund
- Special Grants Fund
- Department of Neighborhood and Business Development Fund
- Aviation Fund
- Syracuse Urban Renewal Agency

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings**

**Reference Number: 11-1 (Cont'd)**

**Financial Reporting (Cont'd)**

**Recommendation:**

All financial information for all departments and funds should be monitored and reviewed on a timely basis.

**Response:**

The Finance Department works with individual departments on an as-needed basis throughout the fiscal year to insure that transactions are recorded properly. Funds are reviewed on an ongoing basis to insure that revenues and expenditures are recorded in a proper fashion.

Pending litigation is reviewed at the end of the fiscal year to be certain that any monetary liability for potential losses due to litigation is recognized properly.

Great care is taken to insure that expenditures are recognized when they occur. Occasionally, the processing of expenditures is delayed if the expenditures have been questioned or are subject to subsequent review before they can be paid. These expenditures are recorded when forwarded for payment. Care is taken to record to record them in the proper fiscal period.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

---

**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-2

**Purchasing**

**Criteria:**

Purchasing procedures for all funds and departments of the City should be in accordance with the City's purchasing manual.

**Cause/Condition:**

Not all funds/departments adhere to the City's purchasing procedures as outlined in the purchasing manual. There is decentralized purchasing throughout the funds and departments of the City.

**Effect:**

Expenses may be incurred without the proper documentation or approval. There were instances noted in our testing of the Department of Neighborhood and Business Development, Aviation Fund and the General Fund, as follows, relative to disbursements:

- Contract not provided for the related disbursement,
- Purchase order or limited purchase order not provided for the related disbursement,
- Disbursement made on an expired contract.

**Recommendation:**

All disbursements should be made following the City's purchasing procedures in accordance with the purchasing manual.

**Response:**

Departments are directed to follow the City's purchasing policy as contained in the City purchasing manual. We concur that payments were made to a vendor with an expired contract; however, the payments were based on previously approved work orders. The contract has since been renewed. Payments were also made to a vendor without a purchase order. This vendor, however, had a contract with the City as its food and beverage supplier at the Airport. Care will be taken to produce an annual purchase order for services rendered under the contract in the future.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-3

**Grants Management**

**Criteria:**

The City should have appropriate policies, procedures and controls over grants management.

**Cause/Condition:**

There is not proper oversight and review over grants management. There is decentralized grants management throughout the City. For example, the Department of Public Works, Department of Water, Department of Sewer, Special Grants Fund, Capital Projects Fund, Police Department, Department of Aviation, Department of Neighborhood and Business Development, as well as other funds and departments, have the authority to apply for, administer, and report to grantors.

**Effect:**

There is the possibility that grant funds will expire and not be available to the City. It is also possible that grant activity could be inaccurate and noncompliance could occur and not be detected by City management on a timely basis.

We noted several instances in which grant expenditures and the related revenue were recorded improperly and / or in the wrong fiscal year.

We further noted that the City did not expend approximately 50% of the Consolidated Local Street and Highway Improvement Program (CHIPS) for the State fiscal year (SFY) 2010-2011. New York State did allow for a roll forward of the unexpended portion to the SFY 2011-2012.

**Recommendation:**

The City should consider designating certain individuals who possess the appropriate knowledge, skills and authority to oversee all of the grants in all of the funds and departments of the City. This should include maintaining a detailed schedule of all grants approved with appropriate detail to ensure accurate and timely expenditure and reimbursement, compliance and reporting requirements related to all grants.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

---

**Part II - Financial Statement Findings (Cont'd)**

**Reference Number: 11-3 (Cont'd)**

**Grants Management**

**Response:**

The City Research Department has been given control over the filing for grants from all sources. When a grant is received, the department receiving the grant is responsible for compliance as to the expenditures charged to the grant and any filing requirements. Departments should be vigilant that grants do not expire before all funds awarded are expended in accordance with the grant document. The Aviation Department has a service provider to monitor grants and compliance. However, we are also aware that factors such as weather may inhibit the ability of the department to perform the work necessary in a timely fashion to earn reimbursement from a grant. While we will make our best effort to monitor all grants and their activity, it is not practical in the current economic situation to assign one person with the responsibility to monitor all grants in all funds. That responsibility should remain with the department which benefits from each grant. The Department of Finance provides review at the time of payment as to the appropriateness of charges and as to content and timeliness, but they are not aware of filing requirements, which remain the responsibility of the individual departments.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-4

**Capital Assets**

**Criteria:**

Internal controls over capital assets should be designed to effectively detect and correct material misstatements or instances of noncompliance.

**Cause/Condition:**

There is little or no monitoring, supervision or review of capital asset records, including the annual inventory done by individual departments. In addition, the City's capital asset guide does not specify procedures for identifying impairment.

**Effect:**

Disposals of certain capital assets were not recorded. In certain instances, the annual inventory of capital assets was not adequately performed, reviewed or documented by the individual funds and departments of the City. Impaired capital assets may not be identified and accounted for properly.

**Recommendation:**

The City should ensure procedures are followed to monitor and review the annual inventory of capital assets and the capital asset records and reconciliations. Policies and procedures should be developed to address the potential impairment of capital assets.

**Response:**

Capital assets are recorded at the time that the asset is placed into service. Donated assets are recorded when received. Large construction projects are recorded when complete or, on occasion, when the majority of the expenditures have been recorded and the item is placed into service. The Department of Finance also receives a listing of the items that are sent to auction during the course of the year and removes them from the inventory. Impaired assets are removed from inventory or sold at auction. At the end of the fiscal year, an asset listing is sent to each department containing the items that are included in the assets reported in the financial statements. Each department is asked to review the listing and advise of any additions and deletions that may not have been noted in the inventory. Some departments have designated an individual to monitor their assets. It is not financially practical to appoint an individual solely to perform physical departmental inventories. However, we will explore the possibility of alternate valuation techniques for future fiscal periods.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number: 11-5**

**Payroll-Parks and Recreation Department**

**Criteria:**

Temporary employees of the Parks & Recreation Department do not go through the standard hiring process followed by the City.

**Cause/Condition:**

Temporary employees are hired directly by the Parks and Recreation department. Also the head of the various bureaus adds the new employees, authorizes time cards and time sheets, and distributes payroll checks to the employees.

**Effect:**

The potential exists for the creation of "ghost" employees.

**Recommendation:**

All funds and departments should follow the established policies and procedures regarding the hiring of employees and the processing of payroll.

**Response:**

We have met with officials from the Parks and Recreation Department and the Personnel Department. We will work together to prevent this situation from occurring and to bring seasonal help into the normal hiring process.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-6

**Highway Programs**

**Criteria:**

Policies and procedures should be developed to ensure reimbursement request forms submitted for grant reimbursement are properly prepared and reviewed.

**Cause/Condition:**

There is not proper review or supervision over the reimbursement requests for the CHIPS Program or the Highway Planning and Construction Grants Program. Errors in the reimbursement requests could go undetected resulting in reporting errors.

**Effect:**

Multiple calculation errors were discovered in the reimbursement requests for the CHIPS Program. These errors were not material to the program.

**Recommendation:**

Policies and procedures should be developed to ensure reimbursement requests are prepared accurately and reviewed and approved by a supervisor who possesses the appropriate knowledge and skill to oversee the Highway Programs.

**Response:**

We have determined that the Department of Public Works (DPW) Administrative Officer will review all reimbursement applications before they are sent to the New York State Department of Transportation (NYS DOT). We have, and will remain, in close contact with the NYS DOT to be sure we continue to follow proper procedures to prevent reporting errors or denial of reimbursement requests. NYS DOT was told of this finding and appreciated management communicating with them. They have provided guidance on correcting the errors.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-7

**Parking Garages**

**Criteria:**

Appropriate internal controls related to the City's parking garage revenue cycle should be developed, implemented and monitored to prevent and detect misappropriation of assets or accounting errors.

**Cause/Condition:**

There are several City owned garages that are managed by third parties by contract. The City does not have appropriate monitoring and oversight over these third party garage managers. In addition, there are certain parking spaces that are billed directly by the City and there are no policies and procedures related to these parking spaces to ensure that invoices are prepared and payments are received timely.

**Effect:**

Misappropriation of assets and accounting errors could occur and go undetected by management.

**Recommendation:**

Policies and procedures related to all parking garages should be developed, implemented and monitored to ensure appropriate internal controls over the parking garage revenue cycle.

**Response:**

The Department of Public Works (DPW) has developed a written policy to monitor the revenue stream of the parking garages which will be put into practice before the end of the current fiscal year.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-8

**Parking Meters**

**Criteria:**

Appropriate internal controls related to parking meters should be developed, implemented and monitored to prevent and detect misappropriation of assets.

**Cause/Condition:**

There are approximately 280 single space parking meters that do not have a tracking mechanism within them for coin collections. Without this tracking mechanism, there is exposure to theft.

The pay stations that do have a tracking mechanism in place are not monitored for financial reporting purposes. There is not a process in place to ensure that the collections at the pay stations are deposited, however it is noted that a third party transport company makes scheduled pick-ups of meters and delivers funds to the bank for the bank to count and deposit on a daily basis.

There is not segregation of duties at the Department of Public Works related to parking meter revenue cycle, nor are there proper policies, procedures and controls in place over the parking meter collections.

**Effect:**

Misappropriation of assets could occur and go undetected by management.

**Recommendation:**

Policies and procedures related to parking meters should be developed, implemented and monitored to ensure appropriate internal controls over the parking meter revenue cycle.

**Response:**

The Department of Public Works (DPW) is developing policies for the control of parking meter revenue.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number:** 11-9

**Disbursements**

**Criteria:**

All disbursements should be made in accordance with the City's policies and procedures, and applicable State and Federal laws and regulations.

**Cause/Condition:**

The three interns hired by the Department of Neighborhood and Business Development were not paid through payroll, and therefore had no withholdings or payroll taxes paid on their behalf.

**Effect:**

The Department of Neighborhood and Business Development did not follow proper policies and procedures related to payroll. These three interns were paid a total of \$6,150 during their internship.

**Recommendation:**

The Department of Neighborhood and Business Development should follow the City's policies and procedures, and applicable State and Federal laws and regulations.

**Response:**

The Commissioner of Neighborhood and Business Development considered the interns to be independent contractors and they were treated as such. A 1099 was issued for their earnings.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number: 11-10**

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Criteria:**

Internal controls over financial reporting should be properly designed and implemented.

**Cause/Condition:**

The accounting department for the Aviation Fund is relatively small. There is a lack of segregation of duties over the cash function. Cash receipts are not recorded timely in the accounting system. Check logs maintained are not reconciled to deposit slips, accounts receivable detail or the general ledger. Grant receivables are not recorded in the accounting system until a request for reimbursement is submitted. In addition, the Aviation Department lacks a formal policy relative to the preparation and review of journal entries.

**Effect:**

During the fiscal year, the accounting system may not accurately reflect the Fund's financial position. The potential exists for misappropriation of funds.

**Recommendation:**

Grant receivables and revenue should be recorded when a grant-related expenditure is incurred. Cash receipts should be recorded timely in the accounting system. Policies and procedures should be enhanced to address the segregation of duties issues and preparation and review of journal entries.

**Response:**

The Aviation Department has taken action to correct the above items. All ledger entries will be reviewed and approved by appropriate personnel other than the preparer. Deposits will be reconciled and recorded in a timely fashion. Complete information will be supplied with payment requests to ensure timely recording of any receivables associated with the expenses.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number: 11-11**

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grants/Entitlement Grants 14.218**

**Community Development Block Grants ARRA Entitlement Grants 14.253**

**Criteria:**

Established policies and procedures should be adhered to by all departments and funds of the City.

**Cause/Condition:**

We noted the following during our audit of the Neighborhood & Business Development Fund:

- There is no evidence of monitoring of the loan and related escrow balances.
- Bank reconciliations provided were not consistently evidenced as being reviewed.
- Five vouchers in our testing lacked the signature of the Commissioner of Neighborhood & Business Development.

**Effect:**

- Loan and escrow balances could be misstated.
- The potential exists for misappropriation of funds.
- Disbursements could be made prior to authorization.

**Recommendation:**

We recommend that policies and procedures be established to monitor loan and escrow balances. Bank reconciliations should be evidenced as prepared and reviewed. All vouchers must be reviewed by a supervisor and this review should be evidenced in writing.

**Response:**

- The review of loan and escrow balances will be evidenced in writing in the related files.
- Bank reconciliations are reviewed and that review will be evidenced in writing.
- Care will be taken to ensure all vouchers are signed by the appropriate personnel. Unsigned vouchers will not be processed.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-12**

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grants/Entitlement Grants 14.218**

**Community Development Block Grants ARRA Entitlement Grants 14.253**

**Criteria:**

When CDBG funds or CDBG-R funds are used for rehabilitation, the grantee must ensure that the work is properly completed (24 CFR section 570.506).

**Cause/Condition:**

There had been significant turnover in the Department of Neighborhood & Business Development Department (NBD) in the prior year.

**Effect:**

There is no formal written process in place for monitoring the inspection of properties where reconstruction/rehabilitation has occurred. The majority of reconstruction/rehabilitation projects completed under CDBG and CDBG-R are administered by a subrecipient who is required to maintain all inspection documents and construction contracts for audit. Spot checks on these documents are sometimes done by the NBD staff, however there is no written process documented.

**Recommendation:**

Written policies and procedures should be put in place for monitoring the inspections of properties where reconstruction/rehabilitation has occurred.

**Response:**

NBD has a process in place and is developing formal written policies and procedures.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-13**

**U.S. Department of Housing and Urban Development  
Community Development Block Grants/Special Purpose Grants/Insular Area 14.227**

**Criteria:**

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Compliance requirements for a pass-through entity over Subrecipient Monitoring include Award Identification, During-the-Award Monitoring, Subrecipient Audits, Ensuring Accountability of For-Profit Subrecipients, and Pass-Through Entity Impact.

**Cause/Condition:**

There is no evidence that subrecipient agreements were obtained for two subrecipients. There has been significant turnover in the key staff responsible for this program. Several employees were laid off due to budget cuts within the Department of Neighborhood & Business Development. The restructuring of personnel in the Department did not re-assign the workloads and responsibilities of this program.

**Effect:**

Without the subrecipient agreements, the City could not provide support that federal award information and compliance requirements were identified to the subrecipients or establish requirements to ensure for-profit subrecipients accountability for the use of the funds.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-13 (Cont'd)**

**U.S. Department of Housing and Urban Development  
Community Development Block Grants/Special Purpose Grants/Insular Area 14.227**

**Recommendation:**

The City should obtain all subrecipient agreements and re-establish internal controls over subrecipient monitoring with respect to this program.

**Response:**

We are aware of the lack of contracts for these two subrecipients and that is not the practice currently followed. Agreements will be obtained for all subrecipients.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number:** 11-14

**U.S. Department of Housing and Urban Development  
Community Development Block Grants/Special Purpose Grants/Insular Area 14.227  
Community Development Block Grants/Brownfield Economic Development Initiative 14.246**

**Criteria:**

The Grantee shall submit to the Grant Officer a progress report every six months after the effective date of the Grant Agreement. Progress reports shall consist of (1) a narrative of work accomplished during the reporting period and (2) a completed Financial Status Report - Form 269 A.

**Cause/Condition:**

Internal controls over reporting were not in place which may have been a result of the staff turnover in the Department of Neighborhood & Business Development. The progress reports were not submitted for many of the grants within these major programs.

**Effect:**

The City continues to be reimbursed despite the failure to adhere to the reporting requirements of these two major programs.

**Recommendation:**

Progress reports should be submitted as required in the grant agreement unless a written waiver is obtained.

**Response:**

NBD is in the process of reviewing all open projects. Progress reports will be submitted for all open projects in the future.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-15**

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grant ARRA Entitlement Grants 14.253**

**Criteria:**

Recipients are required to identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; and to require their subrecipients to provide similar identification in their SEFA and SF-SAC.

**Cause/Condition:**

The subrecipients were not provided with the federal award number, CFDA number, amount of ARRA funds, nor were they instructed to identify the required information in their SEFA and SF-SAC.

**Effect:**

The subrecipient agreements and the disbursements to the subrecipients did not have the Federal award number, CFDA number, or amount of ARRA funds listed. In addition, the subrecipient agreements did not reference the required appropriate identification in their SEFA and SF-SAC.

**Recommendation:**

The subrecipient agreements should include the federal award number, CFDA number, amount of ARRA funds, and should reference the required appropriate identification in their SEFA and SF-SAC.

**Response:**

All required information will be provided to subrecipients.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Reference Number: 11-16**

**Criteria:**

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

**Cause/Condition:**

The City does not have proper internal controls over the compliance requirement Procurement, Suspension and Debarment. There was no evidence that the City checked the EPLS website to determine that each vendor was not listed as suspended or debarred prior to payment.

**Effect:**

There were no exceptions noted in the compliance testing for suspension and debarment. However, without proper internal controls over Suspension and Debarment, it is possible that Federal funds could be used to pay for products or services from an entity that has been suspended or debarred which would result in an unallowed cost.

**Recommendation:**

The City should consider adding a clause in all contracts that relate to Federal funding about suspension and debarment. In addition, the city should add a procedure for a vendor to be checked against the EPLS system prior to payment of invoice.

**Response:**

The Aviation Department has received confirmation from its consultants that they will review bids as part of their assigned projects and will check EPLS as part of their recommendation process. Other departments will be contacted to be certain that they are checking EPLS before suggesting vendors for projects and services. The Corporation Counsel will be contacted regarding the addition of a clause concerning suspension and debarment.

**Questioned Costs:**

None

(Continued)

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Reference Number: 11-17**

**Criteria:**

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

**Cause/Condition:**

The City does not have a process in place to ensure that certified payrolls are received, reviewed and maintained as required. Certified payrolls related to certain test selections were not readily available when requested.

**Effect:**

Certain selections in our testing were not readily supported by certified payrolls, however the certified payrolls were subsequently provided.

**Recommendation:**

Policies and procedures should include monitoring to ensure that the weekly certified payrolls are received, reviewed and maintained as required by Federal compliance requirements.

**Response:**

This was identified as a concern for the Aviation Department. The Airport does not normally see the supporting documentation for a payment voucher until after a payment has been made. The Airport will work with the appropriate personnel to establish a system whereby the Airport is provided copies of the certified payrolls for their records.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-18**

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Criteria:**

When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a federal program, it may be retained or sold with the Federal agency having a right to proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value.

**Cause/Condition:**

There are not proper internal controls over the disposition of capital assets acquired with Federal funds.

**Effect:**

Non-compliance could occur and go undetected by management.

**Recommendation:**

Policies and procedures should be implemented to ensure that dispositions of capital assets acquired with Federal funds are reported appropriately to the Federal Awarding Agency and that the proceeds received from the dispositions are properly recorded and used within the Federal guidelines for the Airport Improvement Program.

**Response:**

The Airport discovered conflicting guidance between OMB Circular A-133 and Federal Aviation Administration (FAA) publications. Essentially, OMB states the proceeds of such a sale should be returned while the FAA says the funds should be used for Airport purposes. The Airport has opted to follow FAA guidance until notified otherwise.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

---

**Part III - Federal Award Findings and Questioned Costs**

**Reference Number:** 11-19

**U.S. Department of Transportation  
Highway Planning and Construction Grants 20.205 (Also a Financial Statement Finding - See 11-6)**

**Criteria:**

Policies and procedures should be developed to ensure grant reimbursement request forms submitted for grant reimbursement are properly prepared and reviewed.

**Cause/Condition:**

There is not proper review or supervision over the reimbursement requests for the Highway Planning and Construction Grants Program.

**Effect:**

Calculation errors in the reimbursement requests could go undetected which could result in reporting errors.

**Recommendation:**

See financial statement finding 11-6.

**Response:**

See financial statement finding 11-6.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-20**

**U.S. Department of Transportation  
Airport Improvement Program 20.106 (Also a Financial Statement Finding - See 11-10)**

**Criteria:**

See financial statement finding 11-10.

**Cause/Condition:**

See financial statement finding 11-10.

**Effect:**

See financial statement finding 11-10.

**Recommendation:**

See financial statement finding 11-10.

**Response:**

See financial statement finding 11-10.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part III - Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 11-21**

**U.S. Department of Housing and Urban Development  
CDBG – Entitlement Grants Cluster:**

**Community Development Block Grants/Entitlement Grants 14.218  
Community Development Block Grants ARRA Entitlement Grants 14.253  
(Also a Financial Statement Finding - See 11-11)**

**Criteria:**

See financial statement finding 11-11.

**Cause/Condition:**

See financial statement finding 11-11.

**Effect:**

See financial statement finding 11-11.

**Recommendation:**

See financial statement finding 11-11.

**Response:**

See financial statement finding 11-11.

**Questioned Costs:**

None

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part II - Financial Statement Findings (Cont'd)**

**Reference Number: 11-22**

**Schedule of Expenditures of Federal Awards**

**Criteria:**

Internal controls should be designed to ensure proper preparation and review of the Schedule of Expenditures of Federal Awards (SEFA).

**Cause/Condition:**

Procedures are not in place for preparation and review of the SEFA.

**Effect:**

The SEFA may not accurately reflect all of the necessary information required. Employees of certain funds or departments may not be aware of the information necessary to include on the SEFA due to a lack of knowledge or experience with Federal programs. Several different departments and funds prepare their portion of the SEFA. We noted errors in the information provided and instances in which certain Federal information was omitted in error.

**Recommendation:**

Internal controls should be developed to ensure proper preparation of the SEFA. An individual that possesses the proper knowledge, experience and authority should be assigned the oversight of the review of the SEFA to determine that it is accurate and complete.

**Response:**

As noted in the response for finding 11-3, it is not practical to assign an individual to monitor all expenditures over all grants and funds. The Finance Department will gather the information pertaining to Federal grants and programs and prepare the Schedule of Expenditures of Federal Awards to make it easier for the auditors, but the accuracy of the information reported will remain the responsibility of the departments.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part IV- Status of Prior Year Federal Award Findings and Questioned Costs**

**Reference Number: 10-1**

**Status:**

See current year related finding 11-1.

**Reference Number: 10-3**

**Status:**

See current year related finding 11-20.

**Reference Number: 10-4**

**Status:**

Management has taken corrective action.

**Reference Number: 10-5**

**Status:**

See current year related finding 11-21.

**Reference Number: 10-6**

**Status:**

See current year finding 11-12.

**Reference Number: 10-7**

**Status:**

Management has taken corrective action.

**CITY OF SYRACUSE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Part IV- Status of Prior Year Federal Award Findings and Questioned Costs (Cont'd)**

**Reference Number: 10-8**

**Status:**

Management has taken corrective action.

**Reference Number: 10-9**

**Status:**

See current year finding 11-13.

**Reference Number: 10-10**

**Status:**

See current year finding 11-14.

**Reference Number: 10-11**

**Status:**

See current year finding 11-15.

**Reference Number: 10-12**

**Status:**

Management has taken corrective action.

**Reference Number: 10-13**

**Status:**

NBD is reviewing all units and will comply with the inspection requirements.

**Reference Number: 10-14**

**Status:**

Management has taken corrective action.