

CITY OF LAFOLLETTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) Yes No

Major federal programs for the City of Lafollette for the fiscal year ended June 30, 2018 are as follows:

<u>Program Name</u>	<u>CFDA#</u>
Community Development Block Grants	14.228
Home Investment Partnerships Program	14.239

Dollar threshold used to distinguish between Type A & Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CITY OF LAFOLLETTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2018

Section II - Financial Statement Findings

Current Year Audit Findings:

2018 - 001 Library Deposits and Purchasing

Criteria or Specific Requirement – The Library was awarded a \$550 grant requiring a local match to be used for the purchase of new desktop computers to replace aging public workstations.

Condition - During our testing, we noted that the monies received were deposited into the bank account of a local organization that supports the library by making local match contributions and not deposited into a City owned bank account. In addition, we also noted that the City's purchasing policies were not followed and no purchase order was issued to acquire the new desktop computers. Alternatively, the desktop computers were purchased using the monies in the local organization's bank account.

Cause and Effect – Because the monies were not deposited in or disbursed from a City owned bank account and the City's purchasing policies not followed, the transaction was not correctly recorded in the City's accounting records.

Recommendation - We recommend that all monies awarded and received by the library be properly deposited into a City owned bank account. In addition, we recommend that employees be reminded of the importance of following City purchasing policies and the use of purchase orders.

Management's Response - We concur with the facts of the finding and have already implemented the recommendations made by the auditor.

Section III – Federal Award Findings

Current Year Audit Findings: None