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October 19, 2005

Mr. Kevin Baldrige, CPA, CFE
Division of Legislative Audit
P.O. Box 1914
Jonesboro, AR

RE: Responses - City of Jonesboro, Arkansas Audit Findings, December 31, 2004

Dear Mr. Baldrige:

Following are responses of the City of Jonesboro to audit findings for the year ended December 31, 2004. For certain findings, as indicated, responses will be separately forwarded to you by other City of Jonesboro officials.

FINDINGS**TREASURER**

The City again did not maintain an adequate and complete record of all City owned land. Adequate and complete records are essential to maintain control and accountability of the City's fixed assets.

RESPONSE

The City contracted with Lenders Title Company in 2005 to provide the City with copies of deeds to all real property listed in the name of the City in the records of the Craighead County Assessor's Office. The Mayor's Office has assigned City staff to identify the street location for the deeded property from the legal descriptions indicated on the deeds. Upon completion of identifying street addresses, the City will compile a listing of all properties.

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MAYOR

The Mayor and/or Director of Information Systems will separately provide a response to this finding.

SUPPLEMENTAL FINDINGS

TREASURER

1. A prenumbered receipt should be issued at the time of collection for all receipts in the Collector's office. The current procedure is to validate a permit and include it in lieu of a receipt at the time of collection. We recommend a collector's receipt be issued for all items of revenue.

RESPONSE

Collections procedures have been changed to require the issuance of a collector's receipt for all items of revenue. The current procedure of validating permits has been discontinued.

2. Claims for reimbursement from the City's flexible spending account were not always accompanied by appropriate documentation of expenses incurred. We noted instances when an outstanding balance owed on a statement was included as the only documentation.

RESPONSE

Beginning in 2006, administration of the City's flexible spending account will be transferred to the City's Human Resources Department. That Department will be required to maintain all necessary detailed documentation of expenses incurred.

3. Completed improvements as well as construction in progress were not added to fixed assets for parks improvement projects during the year.

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RESPONSE

The City's new financial software, implemented in 2005, provides a feature which allows for all fixed asset purchases to be flagged as fixed asset and/or construction in progress expenditures regardless of the expenditure account charged with the purchase. This feature provides for the identification of fixed assets and/or construction in progress expenditures for park improvement project and similar accounts, and for the automatic addition of such expenditures to the City's fixed asset and construction in progress records.

4. Several receipts and disbursements were not posted to either a receipts or disbursements account but posted only to general ledger accounts. All receipts and disbursements should be reflected as a receipt or disbursement.

RESPONSE

The City's chart of accounts will be changed to add revenue and expenditure accounts for all general ledger accounts. Receipts will be posted to the appropriate revenue account and disbursements to the appropriate expenditure account.

The City of Jonesboro appreciates the efforts of the audit staff in conducting the 2004 audit.

Sincerely,

Larry Flowers, CPA,CIA
City Treasurer



City of Jonesboro
Information Systems
515 W. Washington Ave.
Jonesboro, AR 72401

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October 28, 2005

Division of Legislative Audit
Attn: Kevin Baldrige, CPA, CFE
P.O. Box 1914
Jonesboro, AR 72403-1914

Dear Mr. Baldrige:

As you are probably aware, 2004 was the first time that the state performed an Information Systems audit of the City of Jonesboro. While there were numerous findings in this audit, many of them were corrected almost immediately. Most others have been corrected by replacing the city's in-house finance software with a commercial package.

At this point, two findings remain in the audit report. The first of these is weak access security controls. From the 2004 audit report, most of the weaknesses in the access security controls category have been corrected. The one that remains is the lack of a formal security change process. I have begun addressing this by instructing my employees to log all security changes in an Access database. The findings document further recommends a formal security change form be implemented. This form would have to be approved by the proper authority before a security change is made. I firmly believe that this would be an unnecessary burden on the Information Systems staff as well as all city employees, with very little added benefit. Security changes have always been done based on informal verbal requests. There has never, to my knowledge, been an incident on the city's network that would have been prevented by a more formal process. However, because the state feels it is necessary, I will endeavor to come up with a solution within the next year that will satisfy the Division of Legislative Audit while minimizing the burden on city employees.

The second finding is the lack of a formal disaster recovery plan. I have been unable to undertake this project in the past year due to other more pressing commitments. However, after discussing it with Larry Doss recently, I found out that the requirements to satisfy the Division of Legislative Audit are fairly low. Knowing this, I should be able to create a satisfactory document within the next year.

Sincerely,

Alan Young
Director of Information Systems