

# **City of Fort Smith, Arkansas**

Single Audit Reports

December 31, 2015



**City of Fort Smith, Arkansas**  
**December 31, 2015**

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**City of Fort Smith, Arkansas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. Department of Commerce</u></b>					
<i>Economic Development Cluster</i>					
Economic Development Assistance (Medical School)	11.307	None	08-79-04996	\$ -	\$ 215,088
<i>Total Economic Development Cluster</i>				-	215,088
<b>Total U.S. Department of Commerce</b>				<b>-</b>	<b>215,088</b>
Community Development Block Grants/Entitlement Grants	14.218	None	B13MC050003		666,125
		None	B14MC050003		561,842
		None	B15MC050003		249,262
				762,723	1,477,229
HOME Investment Partnership Program	14.239	None	M10MC050202		\$ 40,377
		None	M11MC050202		3,034
		None	M12MC050202		177,715
		None	M13MC050202		127,694
		None	M14MC050202		183,808
		None	M15MC050202		63,413
				171,206	596,041
<b>Total U.S. Department of Housing and Urban Development</b>				<b>933,929</b>	<b>2,073,270</b>
<b><u>U.S. Department of Justice</u></b>					
Organized Crime Drug Enforcement Task Force	16.000	None	16-SE-ARW-081		9,700
		None	16-SE-ARW-086		4,955
		None	309-866-24688-S		8,400
				-	23,055
Alcohol, Tobacco, Firearms and Explosives Task Force	16.012	None	None		51,980
		None	None		9,123
				-	61,103
Missing Children Assistance	16.543	None	2013 MC-FX-K026		7,775
Bullet Proof Vest Program	16.607	None	BU-BX-1206-4657		10,866
Project Safe Neighborhoods	16.609	None	2011-GP-BX-0084		10,916
Edward Byrne Memorial Justice Assistance Grant Program	16.738	None	2014-DJ-BX-0850		30,457
		None	2015-DJ-BX-0517		15,793
				-	46,250
Equitable Sharing Program	16.922	None	AR060100		130,026
<b>Total U.S. Department of Justice</b>				<b>-</b>	<b>289,991</b>

**City of Fort Smith, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. Department of the Treasury</u></b>					
Asset Forfeiture and Money Laundering	21-AR060100	None	AR060100	\$ -	\$ 1,325
Treasury Criminal Investigation Task Force (IRS)	21-2-09-62-2127	None	2-10-62-2128	-	10,038
<b>Total U.S. Department of Treasury</b>				<b>-</b>	<b>11,363</b>
<b><u>U.S. Department of Transportation</u></b>					
<b><i>Highway Planning and Construction Cluster</i></b>					
Arkansas Highway & Transportation Department/ Highway Planning and Construction	20.205	AHTD Job # 040471	None		43,850
		AHTD Job # 040562	None		1,011
<b>Total Highway Planning and Construction Cluster</b>				<b>-</b>	<b>44,861</b>
<b><i>Federal Transit Cluster</i></b>					
Arkansas Highway & Transportation Department/ Federal Transit - Formula Grants	20.507	AR-90-X123	None		348,135
		AR-90-X130	None		200,039
		AR-90-X137	None		634,303
				-	1,182,477
Arkansas Highway & Transportation Department/ Federal Transit - Capital Investment Grant	20.526	FT1078 AR-34-0002	None	-	78,625
<b>Total Federal Transit Cluster</b>				<b>-</b>	<b>1,261,102</b>
Arkansas Highway & Transportation Department/ Clean Fuels Grant Program	20.519	AR-34-0001	None	-	16,406
<b><i>Highway Safety Cluster</i></b>					
Arkansas State Police/State and Community Highway Safety	20.600	OP-2015-03-02-11	None	-	43,898
Arkansas State Police/National Priority Safety Programs	20.616	M5X-2015-05-06-11	None	-	10,387
Arkansas State Police/Child Safety and Child Booster Seat Incentive Grants	20.613	SE-2015-13-01-11	None	-	8,192
<b>Total Highway Safety Cluster</b>				<b>-</b>	<b>62,477</b>
<b>Total U.S. Department of Transportation</b>				<b>-</b>	<b>1,384,846</b>

**City of Fort Smith, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. Department of Homeland Security</u></b>					
Assistance to Firefighters	97.044	None	EMW-2013-FO-00789	\$ -	\$ 45,573
Disaster Public Assistance	97.036	None	FEMA 4160 DR AR	-	242,572
<b>Total U.S. Department of Homeland Security</b>				<b>-</b>	<b>288,145</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 933,929</b>	<b>\$ 4,262,703</b>

**City of Fort Smith, Arkansas**  
**Schedule of Expenditures of State Awards**  
**Year Ended December 31, 2015**

<b>Granting Agency/Grant Program</b>	<b>Grant Number</b>	<b>Expenditures</b>
Arkansas State Department of Finance and Administration CLG Grant - Historic Preservation Program	N/A	<u>\$ 337,316</u>
Arkansas State Highway and Transportation Department: Miscellaneous Agencies Fund	N/A	200,048
Public Transit Trust Fund	N/A	<u>23,844</u>
		<u>223,892</u>
Arkansas Department of Finance and Administration State Drug Crime Enforcement and Prosecution Fund	N/A	<u>43,355</u>
State of Arkansas - Asset Forfeiture State Asset Forfeiture	N/A	<u>94,392</u>
State of Arkansas - General Improvement Fund Regional Economic Infrastructure	N/A	<u>1,850</u>
<b>Total Expenditures of State Awards</b>		<b><u>\$ 700,805</u></b>
<b>Total Expenditures of Federal and State Awards</b>		<b><u>\$ 4,963,508</u></b>

**City of Fort Smith, Arkansas**  
**Notes to Schedules of Expenditures of Federal and State Awards**  
**Year Ended December 31, 2015**

**(1) Scope of Audit Pursuant to 2 CFR, Part 200**

The accompanying schedules of expenditures of federal and state awards (“the Schedules”) includes the federal and state award activity of the City of Fort Smith, Arkansas (the City) under programs of the federal and state governments for the year ended December 31, 2015. The accompanying notes are an integral part of these Schedules. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

The Schedules do not include the Fort Smith Regional Airport’s federal and state financial award programs.

**(2) Organization and Accounting Policies**

The City is a recipient of certain federal and state grant funds. The grant programs are administered by various departments within the City. The activities of these departments are monitored by the City staff to ensure compliance with the requirements of the underlying grants.

The accounting policies of the City conform with the accounting principles generally accepted in the United States of America for local government units as prescribed by the Government Accounting Standards Board (GASB).

**(3) Basis of Accounting**

Expenditures reported on the Schedules are reported on a modified accrual basis of accounting. The grant accounts are maintained on a fund basis. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Grant revenues are recognized when eligibility requirements are met. The City has elected to begin using the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance in 2016.

**(4) Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying Schedules of Expenditures of Federal and State Awards may not agree with the amounts reported in the related federal and state financial reports filed with grantor agencies because of accruals which would be included in subsequent reports filed with the agencies.

# City of Fort Smith, Arkansas

## Notes to Schedules of Expenditures of Federal and State Awards (Continued) Year Ended December 31, 2015

**(5) Relationship to Basic Financial Statements**

The following is a reconciliation of federal and state financial assistance revenue as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds of the City’s financial statements to the Schedules of Expenditures of Federal and State Awards:

Total intergovernmental revenue	\$ 15,109,545
State turnback revenue	(8,456,540)
Local match	<u>(1,689,497)</u>
Federal and state assistance per accompanying schedules	<u>\$ 4,963,508</u>

Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based on an  
Audit of the Financial Statements Performed in Accordance with  
Government Auditing Standards**

The Honorable Mayor and Board of Directors  
City of Fort Smith, Arkansas  
Fort Smith, Arkansas

We have audited, 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, the basic 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 Fort Smith, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 30, 2016, which contains emphasis paragraphs regarding a change in accounting principle and a restatement for correction of errors. Our report also includes a reference to other auditors who audited the financial statements of the Fort Smith Public Library, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control over Financial Reporting***

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiency.

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 City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City'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*.

***The City's Responses to Findings***

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We noted certain matters that we reported to the City's management in a separate letter dated September 30, 2016.

***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.

**BKD, LLP**

Fort Smith, Arkansas  
September 30, 2016

## Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance

### Independent Auditor's Report

The Honorable Mayor and Board of Directors  
City of Fort Smith, Arkansas  
Fort Smith, Arkansas

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

We have audited the compliance of the City of Fort Smith, Arkansas (the City) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Fort Smith Regional Airport (the Airport), a discretely presented component unit, which received \$3,995,846 in federal awards which are not included in the schedule during the year ended December 31, 2015. Our audit, described below, did not include the operations of the Airport because a Schedule of Expenditures of Federal Awards and an audit in accordance with the Uniform Guidance were issued separately by the Airport.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal program.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on the City's compliance.

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

In our opinion, the City of Fort Smith, Arkansas 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 December 31, 2015.

### **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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards and State 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 Fort Smith, Arkansas as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 30, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis and is not a required part of the financial statement of the City of Fort Smith, Arkansas. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

*BKD, LLP*

Fort Smith, Arkansas  
September 30, 2016

**City of Fort Smith, Arkansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2015**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
- Unmodified       Qualified       Adverse       Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
- Significant deficiency(ies)?       Yes       None reported
- Material weakness(es)?       Yes       No
3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
- Significant deficiency(ies)?       Yes       None reported
- Material weakness(es)?       Yes       No
5. The opinions expressed in the independent auditor's report on compliance for major federal awards programs were:
- Unmodified       Qualified       Adverse       Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No

**City of Fort Smith, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

7. The City's major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Federal Transit Cluster	20.507; 20.526
Community Development Block Grant – Entitlement Grants Cluster	14.218

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee?  Yes  No

**City of Fort Smith, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
2015-001	<p>Criteria or Specific Requirement - Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition - The City's depreciation schedules contained various assets purchased in prior years which were not being depreciated correctly. This resulted in adjustments to the City's financial statements.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect - Material misstatements in the financial statements could result from errors that occur and are not detected and/or corrected in a timely manner.</p> <p>Cause - The controls currently in place are not adequate or are not functioning effectively.</p> <p>Recommendation - We recommend that the City utilize fixed asset software and implement controls to ensure that all depreciation schedules are reviewed and approved.</p> <p>View of Responsible Officials and Planned Corrective Actions – The City plans to implement a new fixed asset system during 2016.</p>



**City of Fort Smith, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Finding</b>
2015-002	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition –The City’s internal control procedures did not identify all invoices to be accrued as of year-end. This resulted in an adjustment to the City’s financial statements.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect - Material misstatements in the financial statements could result from errors that occur and are not detected and/or corrected in a timely manner.</p> <p>Cause - The controls currently in place are not adequate or are not functioning effectively.</p> <p>Recommendation – We recommend that the City evaluate and implement enhancements to its controls, to the extent necessary, to ensure the cut-off of accounts payable is correct.</p> <p>Views of the Responsible Officials and Planned Correct Actions – The City will review its current procedures and consider areas for improvement to prevent and detect future misstatements.</p>

**City of Fort Smith, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

**Findings Required to be Reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>	<b>Known Questioned Costs</b>
No matters are reportable.		

**City of Fort Smith, Arkansas**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
2014-001	<p>Criteria or Specific Requirement - Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition - The City's depreciation schedules contained various assets purchased in prior years which were not being depreciated correctly. This resulted in adjustments to the City's financial statements.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect - Material misstatements in the financial statements could result from errors that occur and are not detected and/or corrected in a timely manner.</p> <p>Cause - The controls currently in place are not adequate or are not functioning effectively.</p> <p>Current year reference number – 2015-001</p> <p>Reason finding not corrected – Prior year financial statements were restated in current year to correct accumulated depreciation errors identified in the 2014 audit. The City did not implement new capital asset software.</p> <p>Planned corrective action – The City is in the process of updating their accounting software including capital asset software.</p>	Not Corrected

**City of Fort Smith, Arkansas**  
**Summary Schedule of Prior Audit Findings (Continued)**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
2014-002	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal controls over the Schedule of Expenditures of Federal Awards (SEFA).</p> <p>Condition –The City does not have review and approval processes implemented to prevent misstatements of the SEFA schedule in present or future years.</p> <p>Context – An accurate SEFA is critical to determining proper major programs.</p> <p>Effect – The City’s SEFA could be reporting inaccurate federal and state expenditures and inaccurate CFDA numbers. In addition, the schedules may be incomplete due to unknown awards. An inaccurate SEFA could result in major programs not being properly tested each year.</p> <p>Cause – The City’s controls regarding the preparation, review and approval of the SEFA did not operate effectively. Also, The City’s controls to ensure that the Grant Administrator receives all grant applications and grant agreements from all City departments in a timely manner did not operate effectively.</p> <p>Recommendation – We recommend that the City evaluate and implement enhancements to its controls, to the extent necessary, to ensure that the SEFA is complete and accurate. In addition, we also recommend that the City evaluate and implement enhancements to its controls, to the extent necessary, to ensure all grant applications and grant agreements be supplied to the Grant Administrator by all City departments in a timely manner.</p> <p>Views of the Responsible Officials and Planned Correct Actions – The City is working on implementing and documenting appropriate controls regarding the preparation, review and approval of the year end SEFA and SESA in order to ensure accurate schedules.</p>	Resolved

**City of Fort Smith, Arkansas**  
**Summary Schedule of Prior Audit Findings (Continued)**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
2014-003	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition –The City’s internal control procedures did not identify all invoices to be accrued as of year-end. This resulted in adjustments to the City’s financial statements.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect - Material misstatements in the financial statements could result from errors that occur and are not detected and/or corrected in a timely manner.</p> <p>Cause - The controls currently in place are not adequate or are not functioning effectively.</p> <p>Current year reference number – 2015-002</p> <p>Reason finding not corrected – Due to recent client turnover, internal control issue was not corrected as planned in the current year. The City has made concerted efforts, including reviewing the internal control procedures, to prevent adjustments in the future.</p> <p>Planned Correct Actions – The City will review its current procedures and consider areas for improvement to prevent and detect future misstatements.</p>	Not Corrected

**City of Fort Smith, Arkansas**  
**Summary Schedule of Prior Audit Findings (Continued)**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
2014-004	<p style="text-align: center;">HOME Investment Partnership Program CFDA No. 14.239 U.S. Department of Housing and Urban Development (HUD) Reporting</p> <p>Criteria or Specific Requirement – Pursuant to the passage of the <i>Federal Funding Accountability and Transparency Act (FFATA)</i>, the City is required to submit an accurate FFATA sub-award report by the end of the month following the month in which the City awards any sub-grant equal to or in excess of \$25,000.</p> <p>Condition – The City did not timely file the FFATA sub-award reports for its applicable HUD programs for the fiscal year ending December 31, 2014.</p> <p>Context – The FFATA sub-award report is required to be submitted by the end of the month following the month in which the City awards any sub-grant in equal to or in excess of \$25,000.</p> <p>Effect – The program FFATA reporting requirements were not followed in the manner required by federal regulations.</p> <p>Cause – The City did not have adequate internal controls or procedures in place to identify the applicable reporting requirement and ensure the reports were filed accurately and timely when applicable.</p> <p>Recommendation – It is recommended that the City ensure controls relating to the timely and accurate completion of the FFATA sub-report be included in the City’s grant compliance manual procedures and ensure future completion is within the specified timeline in the FFATA Sub-award Reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We have completed all required filings for FFATA sub-awards of applicable HUD programs and will implement controls to ensure all FFATA required filings are met timely in the future.</p>	Resolved