

The Honorable Mayor and
Members of City Council
City of Burbank
Burbank, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burbank (the City) as of the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 preceding paragraph 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. We identified a certain deficiency in internal control that we consider to be a material weakness that we have reported in a separate letter dated November 24, 2014.

As discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 24, 2014 on the financial statements of the City. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. Our comments and our recommendations for improvement are summarized as follows:

Timely Invoicing of Grant Expenditures

Auditor's Comment

During our review of revenues, we noted that requests for reimbursements on a certain grant were not requested timely. We recommend that invoices be sent to grantors as soon as expenditures are incurred and eligibility requirements have been met, in order to minimize the amount of time elapsing between the City spending its own funds and receiving the grant reimbursements. Timely invoicing will improve the City's cash flow. In addition, we recommend that the City formalize policies and procedures related to grant billings so that billings will be done in a more consistent and timely manner.

Timely Invoicing of Grant Expenditures (Continued)

Management's Response

Management has reviewed the details of the reimbursement of the certain grant that was noted as part of the audit process. In review of the detail we believe that the delayed City reimbursement is an isolated event due to the circumstances specific to this grant. However, Management agrees that the timely invoicing of grant reimbursements is a best practice that we try to achieve. In order to insure consistent implementation of this best practice, Management will remind City staff of the City's policy to obtain reimbursement for grants as soon as funds are expended and eligible for reimbursement.

Computer Access Capabilities

Auditor's Comment

We noted during our audit that a comprehensive review of user access rights to the City's main accounting software is not performed regularly. Also, based on our review of user access rights, several employees have inappropriate access based on their job descriptions. We recommend that the access rights of users of the accounting software be limited to correlate with each individual's responsibilities. Users should be given limited access only to areas in which they would need to perform their job responsibilities.

Management's Response

Management has reviewed all access right issues noted by the auditors and have corrected all items. However, in order to ensure that there are no other access issues within the Oracle financial system, the City plans on exploring the possibility of contracting for an independent review of all City Oracle access rights.

This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

Irvine, California
November 24, 2014