SAMPLE RESPONSE TO AUDIT LETTER

Dear Ms. State Director:

In response to the Audit Report by John Sean and Associates of the City’s Disaster Recovery CDBG Program:

1. The $145.92 Xerox bill was paid with Disaster Recovery CDBG funds based upon a six-cent/unit page cost for 2,432 units of copying recorded for the Disaster Recovery CDBG Program over the year (2,432 x $0.06 = $145.92). Our Xerox machine is equipped with a counter and all charges made to #4 are Disaster Recovery CDBG costs. We paid the $145.92 invoice in lieu of transferring funds from one account to another. A copy of the record is enclosed for your review.

2. Journal entries in Capital Project Fund show a Due from Intergovernmental Grant accounts for a total of 423 hours at $8.05 per hour. A copy is attached. However, the General Ledger did not report the entries in the regular payroll account. This accounts for $3,405.15 of the disallowed $4,700.00, leaving $1,294.85 as an ineligible cost. It will be paid out of the City’s General Fund. We have instituted a time sheet procedure to avoid a recurrence of this problem.

We look forward to your response.

Sincerely,

Mayor