

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 \times \$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

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