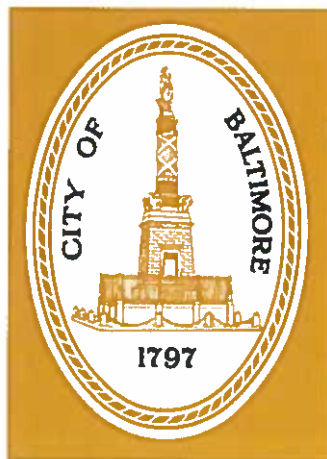

CITY OF BALTIMORE
MARYLAND 9-1-1 EMERGENCY NUMBER SYSTEM PROGRAM
ACTUAL RECEIPTS AND EXPENDITURES REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(With Independent Auditor's Report Thereon)



City of Baltimore
Department of Audits

CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor



DEPARTMENT OF AUDITS

ROBERT L. McCARTY, JR., CPA

City Auditor
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INDEPENDENT AUDITOR'S REPORT

January 30, 2014

Honorable Joan M. Pratt, Comptroller
And Other Members of the
Board of Estimates
City of Baltimore

Report on the Financial Statement

We have audited the accompanying Actual Receipts and Expenditures Report (as defined in the Maryland Annotated Code, Public Safety Article Sections 1-301 through 1-312) of the Maryland 9-1-1 Emergency Number System Program of Baltimore City, Maryland, for the fiscal year ended June 30, 2013.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the Actual Receipts and Expenditures Report (financial statement) in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

The accompanying financial statement was prepared to present the revenue and operating expenses of the Maryland 9-1-1 Emergency Number System Program of Baltimore City, Maryland pursuant to the law referred to in the first paragraph and is not intended to present fairly the financial position of the City of Baltimore, Maryland and results of its operations and the cash flows of its proprietary and similar trust fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and operating expenses of the Maryland 9-1-1 Emergency Number System Program of Baltimore City, Maryland for the year ended June 30, 2013, as defined in the law referred to in the first paragraph.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 30, 2014, on our consideration of the City of Baltimore's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Baltimore's internal control over financial reporting and compliance.

Respectfully submitted,



Robert L. McCarty, Jr., CPA
City Auditor

C. COUNTY FEE ANALYTICAL SUPPORT

- 1. Total authorized Salary, Wages, and Fringe Benefits expenditures on Full-Time PSAP 9-1-1 Call Taker staff \$5,239,217.94

- 2. Total authorized Salary, Wages, and Fringe Benefits expenditures of Full-Time PSAP support staff (support staff may include supervisory, administrative, GIS, CAD, timekeeping, and other personnel - with expenditures calculated on percentage of time allotted to 911 operations) \$113,284.35

- 3. County Fee Revenue received to offset PSAP Operation (total of A) \$3,768,105.30

- 4. Amount of County's General Fund Contribution to PSAP Operation (total of B minus total of A) \$3,106,563.11

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COUNTY: Baltimore City

PREPARED BY: [Signature] TITLE: Admin Officer I

DATE: 1-27-14

Notes:

- 1. The City maintains separate ledger accounting of revenues and operating expenses.
- 2. Revenues are reported on a cash basis and reflect cash received during the period.
- 3. Operating expenses are reported in accordance with the Maryland Annotated Code, Public Safety Article Sections 1-301 through 1-312 and are reflected on the accrual basis.
- 4. Beginning in fiscal year 2013, reported salaries, wages and fringe benefits include applicable amounts for Full-Time PSAP 9-1-1 Call Taker staff and no longer include costs for dispatchers.



AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF A
FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

January 30, 2014

Honorable Joan M. Pratt, Comptroller
And Other Members of the
Board of Estimates
City of Baltimore

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Actual Receipts and Expenditures Report (financial statement) of the Maryland 9-1-1 Emergency Number System Program of Baltimore City, Maryland, for the year ended June 30, 2013, and have issued our report thereon dated January 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Baltimore's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Baltimore's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Baltimore'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 may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies described below to be material weaknesses.

Finding 2013 -1: As part of preparing the Actual Receipts and Expenditures Report (financial statement), the Mayor's Office of Information Technology (MOIT) did not reconcile the amounts included in the financial statement to the City's accounting records. As a result, MOIT's initial financial statement omitted more than \$907,000 for expenditures that should have been included in the financial statement to be submitted to the State. MOIT's initial financial statement was prepared based on payroll charges for various pay periods during the fiscal year that were designated and charged to MOIT-related account numbers. In fiscal year 2013, the funding and majority of personnel of the City's Police Emergency Communication Center (9-1-1) was transferred from the Police Department to MOIT. During fiscal year 2013, however, some of the 9-1-1 payroll charges continued to be charged against account numbers previously assigned to the Police Department. Those charges were eventually transferred to MOIT's account number later during fiscal year 2013. However, since MOIT did not reconcile the amounts on its financial statement to the City's accounting records, those transferred costs were not included on the initial financial statement prepared by MOIT. Additionally, the payroll costs for a pay period were omitted from MOIT's initial financial statement.

After we informed MOIT about the above omissions, MOIT furnished us with a revised Report of Actual Receipts and Expenditures. The revised Report included an additional \$907,450 for operating costs.

We recommend that, as part of preparing the financial statement that will be submitted to the Maryland 9-1-1 Emergency Number Systems Board, MOIT reconcile the financial statement amounts to the City's accounting records, including any applicable journal entries.

MOIT's Response: MOIT used ADP Payroll reports from City Dynamics which showed actual payroll expenses for 911 call takers and support staff. These were the only reports that showed the actual costs, all other reports available include costs for staff not covered by Emergency Number Systems Board including Baltimore City Police Department staff.

In FY2014 all 911 call takers, 911 support staff and emergency dispatchers were charged to budget account numbers belonging to MOIT. It will still be necessary to use ADP Payroll reports to ensure that only costs for 911 call takers and support staff are reported.

In FY2015 staff will be separated into separate budget account numbers based on position, this will eliminate the comingling of services within a budget account number.

Finding 2013 -2: The comingling of both allowable and unallowable charges to MOIT's 9-1-1 Special Fund Account, as well as charging various allowable 9-1-1 costs to the General Fund (salaries and other personnel costs for 9-1-1 call takers, support staff and certain other non-personnel costs) complicates the preparation of the financial statement and the related reconciliation of allowable 9-1-1 costs to the City's accounting records. Also, the City's

accounting records for the Special Fund Account includes costs for dispatchers, which are not an allowable cost of the Emergency Number System Program.

We recommend that MOIT, in conjunction with the City's Department of Finance, Bureau of Accounting and Payroll Services, designate a specific account number (possibly a specific activity number within the Special and General Fund) to be used only for identifying and reporting allowable costs of the Emergency Number System Program. This would facilitate the identification of both allowable 9-1-1 Special Fund and the related General Fund support costs.

MOIT's Response: In prior years Baltimore City has reported on all staff within the Call Center (911 call takers, support staff and emergency dispatchers, and various police department staff). Beginning in FY2013, the report only included costs for 911 call takers and support staff. The city budget for both FY2013 and FY2014 were prepared and approved prior to MOIT being informed of the reporting requirement change. In 2015 staff will be separated into separate budget account numbers based on position, providing the Department of Finance allows MOIT to create another general fund account to do so.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statement is free from 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*.

MOIT's Response to Findings

MOIT's responses to the findings identified in our report are included above. We did not audit MOIT's responses and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Robert L. McCarty, Jr., CPA
City Auditor