

## Internal Control Items with a Direct Impact on Financial Reporting - Assessment

Exhibit F

Item Number	Description of Finding	Source	Remediation Complete per Management?	Remedial Actions taken by Management [1]	Date Reported as Remediated [2]	Estimated Completion Date per Management if Remediation Not Complete	Tested by Internal Audit?
1	The City should periodically, but no less frequently than every three years, retain its own actuary to review the SDCERS actuarial valuation and the assumptions used, and to provide an independent assessment of the valuation and its implications for the City.	Mayor's 8/24/06 Response to Remedial Recommendations Found in the Kroll Report	Yes	Complete per 10/5/06 1st Mayor Kroll Status report. The City has retained an actuary, Joseph Esuchanko. The City's actuary is nearly complete with his first report. The delay in his completion is the result of additional work assigned by the City in order to assist with the calculation of the City's Net Pension Obligation for the 2003 CAFR. Revised due date for the report is November 2006.	Oct-06	NA	No
2	The City must retain its own actuary responsible for determining for the City the cost of each proposed new retirement benefit and to issue a report thereon to the City Council before an ordinance is adopted conferring the benefit.	Mayor's 8/24/06 Response to Remedial Recommendations Found in the Kroll Report	Yes	Complete per 10/5/06 1st Mayor Kroll Status report. The City has retained an actuary, Joseph Esuchanko. The City's actuary is nearly complete with his first report. The delay in his completion is the result of additional work assigned by the City in order to assist with the calculation of the City's Net Pension Obligation for the 2003 CAFR. Revised due date for the report is November 2006.	Oct-06	NA	No
3	Development of a Facility Category Index to identify facilities and assets critical to the mission of the City and prioritize those assets for funding to address deferred maintenance requirements. The estimated completion date to develop this Index is September 2007.	Mayor's 8/24/06 Response to Remedial Recommendations Found in the Kroll Report	Yes	Facility Category index was created by Richard Haas (Public works Deputy Chief) on 9/5/06. Report as complete on 10/5/06 1st Mayor Kroll Status report.	Oct-06	NA	No

**Footnotes:**

[1] Per information provided to Internal Audit by Management Staff and information provided via the Mayoral Kroll Status updates.

[2] "Date Reported" refers to the date the finding was reported as remediated via: 1) Memos from Management, 2) Mayoral Kroll Status Reports, 3) Status Reports to Internal Audit from Process Owners, 4) Independent Auditor's Reports and 5) Report from John Dyer, Mayoral Consultant, to Internal Audit.