

To the Honorable Mayor and Members of the  
Court of Common Council  
City of Hartford, Connecticut

In planning and performing our audit of the financial statements of the City of Hartford, Connecticut, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Hartford, Connecticut's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hartford, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

#### **Board of Education Financial Close Process**

During our audit, we noted that there were several financial statement items that were not received in a timely manner and various year-end adjustments that were posted by the Board of Education late into the audit process. It is important for the Board of Education to create strong internal control procedures that incorporates an element of cross training so that timelines can still be met when turnover or other employee circumstances occur. We recommend that formal year-end procedures be developed with specific due dates and employee assignments that are closely monitored by management. If the primary person responsible for the task is unavailable, the secondary person who has been cross-trained should complete the task in order for items to be complete and submitted timely.

#### **Documentation of Census Data and Employee Recordkeeping**

Net pension and net OPEB liabilities included in the City's financial statements are, in part, estimated based on the census data of the City's employees, which gets sent to the actuary on a biennial basis for the valuation. This census data should be properly documented within the employee files of the City to ensure accuracy and authentication. In testing the census data against the personnel files located within the human resources department, during the audit we were unable to locate files for three retired employees as well as one active employee. We recommend the City strengthen internal controls to ensure personnel folders exist for each employee of the City and retained in accordance with all City and State retention policies.

#### **Schedule of Federal Awards/Schedule of State Financial Assistance**

The City prepares an extensive schedule of expenditures for both its federal and state financial assistance programs and reconciles those expenditures to their financial management system for audit review. During our review of these schedules, we noted several items that lacked State of Connecticut CORE CT numbers and/or Federal Catalog of Domestic Assistance (CFDA) Numbers that are required for compliance with the state and

federal government. These numbers are not only essential for compliance but will assist the City in determining the original source of the grants, and therefore, proper placement on the schedules. If these grants are placed incorrectly, it can improperly calculate testing thresholds for the major programs within the audit. We recommend that the City review these grants that lack the necessary codification numbers to ensure their schedules are appropriate and complete prior to auditor's review.

### **Information Technology Controls**

In support of the 2018 financial audit, blumshapiro Consulting performed an IT general controls review of the Information Technology function at the City of Hartford. A separate memo was provided to management related to the information technology review, which included findings and recommendations for the City of Hartford. Those findings are summarized below:

- User ID and password controls could be improved
- Password controls for key applications need to be strengthened
- Laptop computers need to be secured
- Server 2000 and 2003 are no longer supported
- Windows 7 is approaching the end of its support
- Windows server 2008 is approaching the end of its support
- Software procurement processes need to be enhanced
- The City should obtain SOC-1 and SOC-2 reports for cloud applications
- Information systems policies and procedures are not complete
- A documented disaster recovery plan is not complete
- Implement ongoing cybersecurity training

This letter should be read in conjunction with our report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 26, 2018.

This communication is intended solely for the information and use of management, Members of the Court of Common Council, others within the organization, and federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 26, 2018