



Management
City of Surprise, Arizona
Surprise, Arizona

In planning and performing our audit of the financial statements of the City of Surprise, Arizona as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below.

Physical Observation – Capital Assets

During our audit, we noted that the City has started but has not completed a physical verification of City assets. We recommend the City continue this process to ensure assets claimed on the City asset records are in fact in the possession of the City. In addition, we recommend that City departments review established policies and ensure departmental procedures comply.

User Access Audits

User access requirements can change as a result of several factors including transfers, terminations, promotions, reorganization, and department or City growth. Audits of user accounts and their access level are not performed on a regular basis for Active Directory and critical applications. The City is checking for inactive users on the Active Directory but not on the access levels. Not performing a regular, standardized user account audit increases the risk that the City may not identify all old and unused user accounts, users with improper access to the system, and/or unauthorized system users. The City should conduct a formal review of all user accounts and their access level should be performed every year. The review process should be documented, and sign-off should be obtained from IT personnel completing the review. The review should ensure access levels within the applications by comparing the user's current access rights listed on the system to those listed on their access form, and by confirming the user's access rights with their departmental manager.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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This communication is intended solely for the information and use of management and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Phoenix, Arizona
December 19, 2016