

## FINANCIAL MANGEMENT ASSESSMENT

This assessment should be completed, signed and certified by the Applicant's Financial Officer.

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. Have you previously done business with DOE?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2. Have you previously done business with any other Federal Agency?<br>If so, please identify:   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Housing and Urban Development<br>Department of Education<br>US Marshal Service<br>Army Corps of Engineers<br>US Coast Guard<br>Social Security Administration<br>US Marine Corps<br>FEMA<br>US Postal Service                                      |                                     |                                     |
| 3. Can the Applicant's Financial Officer or Independent Auditor certify that the Applicant has a financial management system sufficient to meet the requirements of 10 CFR 600.220?<br>If yes, please skip to question #10 and sign/certify below. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4. Does your accounting system have the ability to track costs on a reimbursable basis?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. Does your system allow for accurate, current and complete financial reporting, and record keeping as well as the maintaining of adequate source documentation?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 6. Does your system allow for effective internal controls and accountability?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 7. Does your system allow for effective and efficient cash management procedures?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 8. Does your system prohibit subaward at any tier to any party which is debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 9. The expenditure of \$500,000 or more of Federal funds in a fiscal year requires an organization to have an audit performed in accordance with OMB Circular A-133.<br>Has your organization had such an audit performed?                         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 10. If yes, please provide the most recent report or a copy of the SF-SAC forms filed with the Federal Audit Clearinghouse. If no, proceed to the next statement and certify by checking the YES block.  |                                     |                                     |
| I understand the audit requirements and will comply with the provisions of OMB Circular A-133.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

Betty J. Burrell, Chief Financial Officer for the City of Portsmouth, VA, 757.393.5388

Betty J. Burrell

6/12/09

PRINTED NAME, TITLE AND PHONE NUMBER OF INDIVIDUAL COMPLETING FORM      DATE

*By signing this form, the above individual certifies that the responses provided to this survey are accurate as of the date.*

If "NO" has been selected for any of the statements above, please provide further explanation on page 2.



***REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133***

Honorable Mayor and Members of City Council  
City of Portsmouth, Virginia

***Compliance***

We have audited the compliance of the City of Portsmouth, Virginia (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

***Internal Control Over Compliance***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekant → Holland, G. L. P.

Virginia Beach, Virginia  
December 5, 2008