



A new breed  
of professional  
services firm

Sacramento  
Walnut Creek  
San Francisco  
Oakland  
Los Angeles  
Century City  
Newport Beach  
San Diego

### Memorandum on Internal Controls

To the Chief Financial Officer  
City of Santa Rosa, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Santa Rosa, California (City), as of and for the fiscal year ended June 30, 2015, 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 opinions 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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we have provided a status of the prior recommendation made by us in fiscal year 2011.

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

Sacramento, California  
December 31, 2015

**City of Santa Rosa  
Status of Prior Year Matter  
Fiscal Year Ended June 30, 2015**

**INFORMATION TECHNOLOGY (IT)**

***Disaster Recovery Plan***

*Condition*

The City's current disaster recovery plan is outdated. The City's existing plan is about two years old and needs to be updated to include the City's new financial management system and data. The City uses an automatic backup process for financial and other application data that has been used for the past two years and is based on a SAN structure that replicates and archives the backup data to the City's secondary data center (Utilities Field Operations Center). Currently, the IT Department is working to review and update the plan to accommodate changes that have occurred with the implementation of the new financial management system, but it is not expected to be completed until January 2012. Until the plan is implemented and tested, the City is at increased risk of losing financial data should a disaster occur that requires the City to recover their systems from backup data.

*Recommendation*

The City should continue updating their disaster recovery plan. The disaster recovery plan should include detailed disaster recovery procedures that clearly define the roles and responsibilities of personnel in reestablishing the computer network, financial applications, and financial data. Once updated, the plan should be periodically tested to ensure viability. Findings from the testing should be incorporated as updates to the plan.

*Prior Year Management Response*

The City implemented a cloud-based backup solution in December 2012 where it currently backs up the financial data from its IFAS system. Additionally, it is in the process of implementing Disaster Recovery (DR) software to ensure a reliable, documented step-by-step process for recovery. Testing on the new DR software will be done after a major upgrade of its enterprise-switch.

*Current Year Status*

The City is in the process of implementing Disaster Recovery (DR) software to ensure a reliable, documented step-by-step process for recovery. Testing on the new DR software will be performed in 2016 after the upgrade of the enterprise-switch. As such, this recommendation is in progress and has not yet been fully implemented.