



City of El Monte, California
Single Audit Report
As of and for the Year Ended June 30, 2018
with Report of Independent Auditors

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**Report of Independent Auditors on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Members of the City Council
City of El Monte
El Monte, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Monte, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vagueney & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 20, 2018**

**Report of Independent Auditors on Compliance for Each Major Federal Program,
on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

**The Honorable Mayor and Members of the City Council
City of El Monte, California
El Monte, California**

Report on Compliance for Each Major Federal Program

We have audited the City of El Monte's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.



Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings F2018-001 through F2018-006. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Glendale, California

March 25, 2019 (except for the Schedule of Expenditures of Federal Awards, as to which the date is December 20, 2018)

City of El Monte
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/Grantor's Number	Passed Through to Subrecipients	Federal Award Expenditures
U.S. Department of Agriculture				
Passed through the State of California, Department of Education:				
Summer Food Service Program for Children	10.559	8190-5V	\$ -	\$ 36,762
Total U.S. Department of Agriculture			<u>-</u>	<u>36,762</u>
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Community Development Block Grant Program				
Entitlement Grant	14.218	Various	47,087	5,571,851 *
Home Investment Partnership Program (HOME)	14.239	Various	-	1,275,638 *
Emergency Solutions Grant Program	14.231	Various	122,142	130,191
Total U.S. Department of Housing and Urban Development			<u>169,229</u>	<u>6,977,680</u>
U.S. Department of Justice				
Direct Assistance				
Equitable Sharing Program - Federal Asset Forfeiture	16.922	CA019220	-	1,322,874 *
Passed through City of Los Angeles				
Edward Byrne Memorial Justice Assistance Grant	16.738	2016-DJ-BX0878	-	27,261
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX0949	-	24,279
Total U.S. Department of Justice			<u>-</u>	<u>1,374,414</u>
U.S. Department of Transportation				
Passed through State of California, Office of Traffic Safety:				
State and Community Highway Safety				
State and Community Highway Safety	20.600	PT 1734	-	15,783
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT 1734	-	34,738
State and Community Highway Safety	20.600	PT18040	-	50,472
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18040	-	84,314
			<u>-</u>	<u>185,307</u>
Passed through Los Angeles County Metropolitan Transportation Authority				
Job Access and Reverse Commute Program	20.516	CA-37-X171	-	46,833
			<u>-</u>	<u>46,833</u>
Total U.S. Department of Transportation			<u>-</u>	<u>232,140</u>
Environmental Protection Agency				
Congressionally Mandated Projects	66.202	None	-	127,070
Total Environmental Protection Agency			<u>-</u>	<u>127,070</u>
U.S. Department of Health and Human Services				
Passed through the County of Los Angeles, Department of Community and Senior Services:				
Nutrition Services Incentive Program	93.053	ENP-1216-006	-	126,304
Special Programs for Aging, Title III, Part B (Grants for Supportive Services and Senior Centers)	93.044	SSP-141806	-	49,950
Total U.S. Department of Health and Human Services			<u>-</u>	<u>176,254</u>
Total Expenditures of Federal Awards			<u>\$ 169,229</u>	<u>\$ 8,924,320</u>

* Major Programs

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal award programs of the City of El Monte, California (the City). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying SEFA. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying SEFA.

The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Basis of Accounting

The expenditures included in the accompanying SEFA were reported on the modified accrual basis of accounting, which was defined in Note 1 to the City's basic financial statements. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included lending of certain federal award monies and any property or equipment acquisitions incurred under the federal programs.

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports for the year ended June 30, 2018, which have been submitted to grantor agencies, will, in some cases, differ from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

NOTE 3 RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

In accordance with the Governmental Accounting Standards Board's Statement No. 61, *Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No.14*, activities relating to all federal financial assistance programs are blended in the City's financial statements as special revenue funds.

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors’ report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes (F2018-001 through F2018-006)

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant/Entitlement Grant
14.239	Home Investment Partnership Program
16.922	Equitable Sharing Program – Federal Asset Forfeiture

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2018.

Section III – Federal Award Findings

Finding F2018-001 – Allowable Costs/Cost Principles

Federal Program Information

<i>Federal Catalog Number:</i>	14.239
<i>Federal Program Name:</i>	Home Investment Partnerships Program (HOME)
<i>Federal Agency:</i>	Department of Housing and Urban Development
<i>Pass-Through Entity:</i>	N/A
<i>Federal Award Number and Award Year:</i>	M-17-MC-06-0509 (FY 17-18)

Criteria or Specific Requirement

HOME regulation at 24 CFR Part 92.504(b) states that before committing funds to a project, the participating jurisdiction must enter a written agreement that ensures compliance with the requirements of 24 CFR 92.504. 2 CFR 200.404 require grantees to ensure that all costs paid with Federal funds are reasonable. HOME regulations at 24 CFR Part 92.508 requires that each participating jurisdiction must establish and maintain sufficient records to enable HUD to determine whether the participating jurisdiction has met the requirements of this part.

Condition

The City loaned HOME funds to a developer to be used for the acquisition and construction of a project. During our review of the loan transaction and related supporting agreements, we noted that the funds were deposited to an escrow account. Based on our review, there was no documentation that the funds disbursed from the escrow account were expended on eligible costs within the required timeframe.

Moreover, based on our review of loan documents, the City utilized written HOME agreement that lack clarity and do not include all required provisions in the HOME Program. There was no sufficient documentation of the reasonableness of the costs paid by the City.

This finding is more of administrative in nature which resulted in lack of or missing required documentation. The City has subsequently amended the Regulatory Agreement to clarify the use of funds and include HOME required provisions. The amended agreement was finalized and signed on November 26, 2018 and was submitted to HUD in response to a similar HUD finding.

Cause

The City failed to document compliance with HUD requirements, incorporate regulatory provisions into agreements, and did not ensure that several requirements were conveyed to the lender and project owner.

Effect

The City is not in compliance with allowable cost documentation requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs

Not applicable.

Recommendation

We recommend that the City of El Monte implement stricter controls to ensure compliance with the federal program requirements of allowable/unallowable expenditures. The City must review and provide documentation that the current written agreements include all the required provisions, or provide an amendment executed by both parties that incorporates the missing requirements. The City must also document expenditures of HOME funds and must provide source documentation supporting eligibility of costs.

Views of Responsible Officials

The City has documentation that ensures that all costs paid with HOME funds are reasonable; such documents have been provided for the auditors' review. Additionally, the City amended the Regulatory Agreement to include all the HOME required provisions. Staff will implement stricter controls and coordinate with the City Attorney's Office to ensure that the HOME Agreements are reviewed by Housing staff to confirm that all the required provisions are incorporated in the agreements.

Finding F2018-002 – Program Income

Federal Program Information

<i>Federal Catalog Number:</i>	14.239
<i>Federal Program Name:</i>	Home Investment Partnerships Program (HOME)
<i>Federal Agency:</i>	Department of Housing and Urban Development
<i>Pass-Through Entity:</i>	N/A
<i>Federal Award Number and Award Year:</i>	M-17-MC-06-0509 (FY 17-18)

Criteria or Specific Requirement

Code of Federal Regulations, 24 CFR 92.503 (a) sets forth the requirements for the administration, accounting, reporting and disposition of program income generated by Home Investment Partnerships Program (HOME) activities, and states that program income must be deposited in the participating jurisdiction's HOME Investment Trust Fund local account unless the participating jurisdiction permits the State recipient or subrecipient to retain the program income for additional HOME projects pursuant to the written agreement required by §92.504. Federal requirements generally require the proper reporting of program income and the disposition of program income either by returning it to the grantor or by spending the funds on approved program activities. There are limits restricting the amount of program income that can be retained, and procedures to be used to obtain approval for the spending of these monies. Accordingly, the grantee must accurately account for any program income generated from the use of HOME funds, and treat such income as additional HOME funds which are subject to all program rules.

Condition

During our review of the HOME program income, we noted that program income of \$555,975 reported to the Department of Housing and Urban Development (HUD) in the federal nationwide database Integrated Disbursement and Information System (IDIS) for the fiscal year was different from the balance per the general ledger of \$277,056.

Cause

Lack of coordination with the Finance Department. Moreover, the City did not have adequate monitoring controls in place to ensure accurate and timely reporting of program income to HUD.

Effect

While unreported program income may result in funds being overdrawn from HUD; overreporting of program income will result in federal allocations not being fully utilized by the City.

Questioned Costs

Not applicable

Recommendation

The City should improve coordination between the Finance Department and program management personnel and review its current procedures over reporting of program income to ensure timely reconciliation and accurate reporting.

Views of Responsible Officials

City Housing staff and Finance Department staff meet on a weekly basis to coordinate procedures and accurate reporting for all HUD programs

Finding F2018-003–Reporting

Federal Program Information

<i>Federal Catalog Number:</i>	14.239
<i>Federal Program Name:</i>	Home Investment Partnerships Program (HOME)
<i>Federal Agency:</i>	Department of Housing and Urban Development
<i>Pass-Through Entity:</i>	N/A
<i>Federal Award Number and Award Year:</i>	M-17-MC-06-0509 (FY 17-18)

Criteria or Specific Requirement

Title 24: Housing and Urban Development, Part 135 – Economic Opportunities for Low- and Very Low-income Persons, Subpart E – Reporting and Recordkeeping, Section 135.90 Reporting states that each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3. Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public.

Condition

During our audit of the City’s compliance with the HOME reporting requirements, we noted that the HUD 60002, Section 3 Summary Report for FY 2017-2018 was not submitted.

Cause

The City did not have adequate monitoring controls in place to ensure that required reports are submitted to the Department of Housing and Urban Development.

Effect

Non-submission of required reports will result in noncompliance with the grant and funding agreement.

Questioned Costs

Not applicable

Recommendation

The City should review its current procedures over financial and program reporting to ensure submission of the required reports.

Views of Responsible Officials

City staff is working on submitting the HUD 60002 Section 3 Summary Report.

Finding No. 2018-004 – Equipment Management

Federal Program Information

<i>Federal Catalog Number:</i>	16.922
<i>Federal Program Name:</i>	<i>Equitable Sharing Program - Federal Asset Forfeiture</i>
<i>Federal Agency:</i>	<i>Department of Justice</i>
<i>Pass-Through Entity:</i>	N/A
<i>Federal Award Number and Award Year:</i>	CA019220 - FY17-18

Criteria or Specific Requirement

Uniform Guidance 2 CFR Part 200 require property records to be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal Participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property. In addition, a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Condition

The City was not able to provide documents showing that a physical inventory of equipment was conducted during the past 2 years and reconciled to the property records listing and general ledger. Also, the property records lacked appropriate details such as: description (including serial number or other identification number), source, who holds title, percentage of Federal participation in the cost, location, condition, etc. as required by the Uniform Guidance.

Cause

Key positions within the City had been vacant for several months as a result of staff turnover and remaining personnel were not aware of the property management requirements.

Effect

The City may not identify equipment that is missing, idle or needs repair. The City also may not be able to track equipment or capital assets that are owned by federal agency.

Questioned Costs

Not applicable.

Recommendation

To ensure compliance with Federal property management requirements, the City should perform and document a physical inventory of equipment acquired under Federal awards, and reconcile the physical inventory with the property records in the accounting system. Moreover, a complete list of property acquired using federal funds which includes all the details required by the Uniform Guidance should be maintained by City.

Views of Responsible Officials

The City's Grant Accountant will be working with the Police Administration Captain to identify Federal purchases on the overall inventory list and list details in accordance with Uniform Guidance requirements.

F2018-005: Subrecipient Monitoring

<i>Federal Catalog Number:</i>	14.218
<i>Federal Program Name:</i>	Community Development Block Grants/Entitlement Grants
<i>Federal Agency:</i>	Department of Housing and Urban Development
<i>Pass-Through Entity:</i>	N/A
<i>Federal Award Number and Award Year:</i>	B-17-MC-06-0517 – FY17-18

Criteria or Specific Requirement

As set forth in the Uniform Guidance (2 CFR 200.331), the City must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required information at the time of the subaward. If any of these data elements change, the City must include the changes in a subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

- (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

Condition

We tested the City's one subrecipient for compliance with the Uniform Guidance subrecipient monitoring requirements and noted the following:

- The subrecipient agreement did not include the following subaward information: CFDA number and name.

Repeat Finding

This is a repeat finding. See Finding F2017-002.

Cause

Procedures and controls were not fully implemented to comply with federal compliance requirements on subrecipient monitoring.

Effect

Noncompliance with the above requirements may result in subrecipient compliance deficiencies not being properly identified by the City, communicated to the agencies and corrected by the subrecipients.

Questioned Costs

Not Applicable

Recommendation

We recommend that the City establish and implement stricter controls and procedures to ensure that the above subrecipient compliance requirements are met. In addition, the City should ensure that all required information is identified and communicated to the subrecipient at the time the subaward is granted.

Views of Responsible Officials

Staff has implemented stricter controls procedures to ensure that the sub recipients compliance requirements are met.

F2018-006: Reporting

<i>Federal Catalog Number:</i>	14.218
<i>Federal Program Name:</i>	Community Development Block Grants/Entitlement Grants
<i>Federal Agency:</i>	Department of Housing and Urban Development
<i>Pass-Through Entity:</i>	N/A
<i>Federal Award Number and Award Year:</i>	B-17-MC-06-0517 – FY17-18

Criteria or Specific Requirement

Title 24: Housing and Urban Development, Part 135 – Economic Opportunities for Low- and Very Low-income Persons, Subpart E – Reporting and Recordkeeping, Section 135.90 Reporting states that each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3. Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public.

Condition

During our audit of the City's compliance with the CDBG reporting requirements, we noted that the HUD 60002, Section 3 Summary Report for FY 2017-2018 was not submitted.

Cause

The City did not have adequate monitoring controls in place to ensure that required reports are submitted to the Department of Housing and Urban Development.

Effect

Non-submission of required reports will result in noncompliance with the grant and funding agreement.

Questioned Costs

Not applicable

Repeat Finding

This is a repeat finding. See Finding F2017-003.

Recommendation

The City should review its current procedures over financial and program reporting to ensure submission of the required reports.

Views of Responsible Officials

City staff is working on submitting the HUD 60002 Section 3 Summary Report.



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