



CITY OF VALLEJO, CALIFORNIA

JUNE 30, 2020

SINGLE AUDIT REPORT

Focused
on YOU



CITY OF VALLEJO, CALIFORNIA

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INDEPENDENT AUDITORS' REPORT 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*

To the Honorable Mayor and Members of the City Council
City of Vallejo, 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 Vallejo, California, (the City) as of and for the year ended June 30, 2020, 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 14, 2020.

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) 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify the following deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency: (2020-001).



To the Honorable Mayor and Members of the City Council
City of Vallejo, California

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 financial statements. 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*.

City's Response to Findings

The City's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Sacramento, California
December 14, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Vallejo, California

Report on Compliance for Each Major Federal Program

We have audited the City of Vallejo, California (the City)'s 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, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and 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, 2020.



To the Honorable Mayor and Members of the City Council
City of Vallejo, California

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 may exist that have not been identified.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vallejo, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 14, 2020, which contained an unmodified opinion 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 the 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 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.



To the Honorable Mayor and Members of the City Council
City of Vallejo, California

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.

Lance, Solt & Lingham, LLP

Sacramento, California

June 3, 2021 (Except for the Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance, which is dated December 14, 2020)

CITY OF VALLEJO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
CDBG - Entitlement Grants Cluster				
Department of Housing and Urban Development Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218		\$ -	\$ 34,807
Grant Allocations (B-19-MC-06-0029)			97,030	139,779
Entitlement - Subgrants			-	249,110
Program Income - Other				
Neighborhood Stabilization Program	14.218			
Program Income - Other			-	6,452
Subtotal - CFDA 14.218			97,030	430,148
Total Department of Housing and Urban Development Programs			97,030	430,148
Total CDBG - Entitlement Grants Cluster			97,030	430,148
Housing Voucher Cluster *				
Department of Housing and Urban Development Direct Programs:				
Section 8 Housing Choice Voucher Program (CA055)	14.871		-	22,243,939
Grant Allocations			-	3,551
CARES Funding				
Total Department of Housing and Urban Development Programs			-	22,247,490
Total Housing Voucher Cluster			-	22,247,490
Highway Planning and Construction Cluster *				
Department of Transportation Pass-Through Programs:				
California Department of Transportation	20.205			
Sonoma Blvd - Local Match		94-900-7744/ HSIPL-5030 (057)	-	259,640
ATP SR28 Vallejo Benicia		94-900-7744/ ATPL- 5030 (062)	-	11,305
MI Causeway Bridge Painting		94-900-7744/ BPMP- 5030 (060)	-	42,296
Sacramento Street Bridge Seismic		94-900-7744/ STPLZ- 5030 (056)	-	50,488
Downtown Streetscape Maine		94-900-7744/ STPL- 5030 (061)	-	1,007,023
Total California Department of Transportation Programs			-	1,370,752
Total Highway Planning and Construction Cluster			-	1,370,752
Other Programs				
Department of Defense Direct Programs:				
Community Base Reuse Plan	12.612			
Mare Island Cooperative Agreement - Environmental Services East			-	6,567,017
Mare Island Cooperative Agreement - East Administrative Charges				130,295
Total Department of Defense Programs			-	6,697,312
Department of Housing and Urban Development Direct Programs:				
Home Investment Partnerships Program *	14.239			
Grant Allocations (M-19-MC-06-0223)			-	115,328
Program Income				73,577
Subtotal - CFDA 14.239			-	188,905
Community Development Block Grants Section 108 Loan Guarantees *	14.248			
Loan Guarantee Assistance Issued			-	1,318,787
Subtotal - CFDA 14.248			-	1,318,787
Family Self-Sufficiency Program Coordinator Grant	14.896			
Housing Choice Voucher Program			-	18,195
Subtotal - CFDA 14.896			-	18,195
Total Department of Housing and Urban Development Programs			-	1,525,887
Department of Justice Direct Programs:				
Edward Byrne Memorial Justice Assistance Program	16.738		-	201,174
Equitable Sharing Program	16.922		-	226,799
Total Department of Justice Programs			-	427,973

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF VALLEJO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Department of Transportation Pass-Through Programs:				
State of California - Office of Traffic Safety				
Minimum Penalties for Repeat Drunk Driving Prevention Incentives	20.608	80-824-4842/		
Selective Traffic Enforcement Program		PT20133	\$ -	\$ 34,977
Selective Traffic Enforcement Program		80-824-4842/ PT19124	-	41,197
Total Department of Transportation Programs			<u>-</u>	<u>76,174</u>
Department of Homeland Security Direct Programs:				
Staffing for Adequate Fire and Emergency Response (SAFER) Program *	97.083		-	1,091,230
Department of Homeland Security Pass-Through Programs From:				
California Governor's Office of Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	94-743-6176	-	156,784
Total Department of Homeland Security Programs			<u>-</u>	<u>1,248,014</u>
Total Expenditures of Federal Awards			<u>\$ 97,030</u>	<u>34,023,750</u>

Federal Loan Balances with a Continuing Compliance Requirement

Community Development Block Grants Loan (beginning balance)	14.218			1,560,362
Home Investment Partnerships Program Loan (beginning balance)	14.239			1,895,734
Community Development Block Grants Section 108 Loan Guarantees (beginning balance)	14.248			1,700,000
Total Federal Loan Balances with a Continuing Compliance Requirement				<u>5,156,096</u>
Total Expenditures of Federal Awards Including Loans				<u>\$ 39,179,846</u>

CORONAVIRUS EMERGENCY ACTS FUNDING RECONCILIATION

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Department of Housing and Urban Development Direct Programs:				
Section 8 Housing Choice Vouchers *	14.871			
Housing Choice Voucher Program - Admin (CA-055AF0134)			\$ -	\$ 3,551
Total Department of Housing and Urban Development Programs			-	3,551
Total Coronavirus Emergency Acts Funding			<u>\$ -</u>	<u>\$ 3,551</u>

* Major Program

¹ There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

CITY OF VALLEJO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Vallejo, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance 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 portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. 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 any property or equipment acquisitions incurred under the federal program. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

c. Loan Programs with Continuing Compliance Requirements

The program loans listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans made during the fiscal year, if any, are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at June 30, 2020 consists of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2020
14.218	Community Development Block Grants Program	\$ 1,560,362
14.239	Home Investment Partnerships Program	1,895,734
14.248	Community Development Block Grants Section 108 Loan Guarantees	2,769,000
		\$ 6,225,096

CITY OF VALLEJO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? yes none reported
 - Material weaknesses identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? yes none reported
- Material weaknesses identified? yes no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Program
14.248	Community Development Block Grants Section 108 Loan Guarantees
14.871	Housing Voucher Cluster
20.205	Highway Planning and Construction Cluster
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between type A and type B program \$1,124,395

Auditee qualified as low-risk auditee? yes no

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS

Timely Completion of Journal Entries, Analyzing Activity in General Ledger

Reference Number: 2020-001 (Significant Deficiency)

Condition:

Prior to the year-end audit in October 2020, City staff had indicated that the general ledger provided for audit would not include the closing entries related to capital assets, which we worked into our audit plan. However, in addition to providing those expected journal entries in late October 2020, it was identified that entries posted in the interim were not properly reflected in the general ledger provided for audit. Three additional general ledgers were subsequently provided that did not reconcile.

Criteria:

After initial year-end closing entries are posted to the general ledger, all funds should be analyzed to ensure that additional closing entries are properly included in the general ledger reports provided for audit.

Cause of Condition:

General ledger reports provided for audit were improperly generated by City staff and as a result, final balances were not reconciled.

Effect or Potential Effect of Condition:

Errors in the general ledger may not be detected in a timely manner.

Recommendation:

City staff must develop procedures to ensure the year-end closing process includes an analysis of accounts to ensure that the presentation in each fund and account is appropriate prior to the start of the year-end audit.

Management's Response and Corrective Action:

City's general ledger reports are reconciled on a monthly basis along with regular fund analysis throughout the year. Historically, the City's year-end process has been to provide the auditors an initial year-end trial balance and continue with internal fund analysis for completeness and accuracy until the final year-end entries are posted.

With the new audit relationship, the City did not confirm this process with the auditors and did not mutually agree on a hard stop date to posting of the journal entries (JEs). Hence JEs continued to be posted after providing the initial trial balance to the auditors. Going forward the City will communicate and agree on JE posting timelines to avoid any misunderstandings.

City accepts that multiple versions of General Ledger reports were provided to the auditors. The general ledger reports provided were erroneously printed with the wrong search criteria and hence would not reconcile. Going forward, all general ledger report provided to the auditors will be reviewed and verified by a second staff member to ensure accuracy.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant deficiencies were disclosed, but no material weaknesses or instances of noncompliance material to the basic financial statements. A separate Memorandum on Internal Control dated December 10, 2019 was issued in conjunction with the Single Audit report for the fiscal year ended June 30, 2019.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Incomplete Housing Quality Standards Inspections Documentation

Reference Number: SA2019-001

CFDA Number: 14.239

CFDA Title: Home Investment Partnerships Program (HOME)

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: M-18-MC-06-0223, M-17-MC-06-0223

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: New initial file audit process has been implemented.
- Completion Date: March 31, 2020
- Current Status: Implemented.

Annual Filing of HUD 60002 Performance Report

Reference Number: SA2019-002

CFDA number: 14.218

CFDA Title: Community Development Block Grants/ Entitlement Grants (CDBG)

Federal Agency: Department of Housing and Urban Development (HUD)

Federal Award Identification Number: B-18-MC-06-0029; B-17-MC-06-0029; B-16-MC-06-0029

- Fiscal Year of Initial Finding: June 30, 2018
- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

- Corrective Action Plan: The City filed the HUD 60002 Section 3 Summary Report for Fiscal Year 2018-19 in April 2020 even though there was no activity for that period.
- Completion Date: April 2020
- Current Status: Implemented.

Timeliness and Accuracy of Vendor and Tenant Based Rental Assistance Payments

Reference Number: SA2019-003

CFDA number: 14.218, 14.239

CFDA Title: Community Development Block Grant/Entitlement Grants (CDBG)
Home Investment Partnerships Program (HOME)

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-18-MC-06-0029; B-17-MC-06-0029;
B-16-MC-06- 0029; M18-MC-06-0223

- Fiscal Year of Initial Finding: June 30, 2018
- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: CDBG subrecipient documents and TBRA contracts and required documentation are thoroughly reviewed by City staff for completeness and accuracy. While staff's goal is to process payment on or about the first day of the month for which the payment is due or as soon as the TBRA property is leased, there are occasional situations where payment is delayed due to the receipt of incomplete documents/forms.
- Anticipated Completion Date: June 30, 2020
- Current Status: Implemented.

Community Development Block Grant Program and HOME Grant Program Cash Management

Reference Number: SA2019-004

CFDA Number: 14.218, 14.239

CFDA Title: Community Development Block Grants/Entitlement Grants (CDBG)
Home Investment Partnerships Program (HOME)

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-18-MC-06-0029, B-17-MC-06-0029,
B-16-MC-06-0029;
M-17-MC-06-0223,
M-16-MC-06-0223,
M-15-MC-06-0223

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

- Fiscal Year of Initial Finding: June 30, 2018
- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II, Ray Fortaleza, Senior Accountant
- Corrective Action Plan: The City will increase efforts to submit drawdown requests in a more timely manner.
- Anticipated Completion Date: June 30, 2020
- Current Status: Implemented.

Subrecipient Monitoring

Reference Number: SA2019-005

CFDA Number: 14.218

CFDA Title: Community Development Block Grants/Entitlement Grants (CDBG)

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-17-MC-06-0029

- Fiscal Year of Initial Finding: June 30, 2018
- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: This recommendation has been implemented for the 2019-20 fiscal year. Subrecipient monitoring is in place and a policy manual has been developed which includes documentation and monitoring guidelines.
- Completion Date: March 2020
- Current Status: Implemented.

Quarterly Performance Reports

Reference Number: SA2019-006

CFDA number: 14.218

CFDA Title: Community Development Block Grant/Entitlement Grants

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-08-MN-06-0010 (NSP1); B-11-MN-06-0010 (NSP3)

- Fiscal Year of Initial Finding: June 30, 2018
- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: The City has begun working with HUD for technical assistance with filing the grant reports. Once this information is received, reporting in the future will occur in a timely manner.
- Anticipated Completion Date: May 31, 2020
- Current Status: Partially Implemented.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Support for Payroll Costs Charged to Grant

Reference Number: SA2019-007

CFDA number: 14.871

CFDA Title: Section 8 Housing Choice Vouchers

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: CA-055VO0170

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: The City's practice is for employee's to sign their timesheets. For the specific timesheet noted in this finding, the employee was away on medical leave for a portion of the pay period and was therefore unable to complete the timesheet. The hours charged to the grant for this employee have been verified as correct.
- Completion Date: March 2020
- Current Status: Implemented.

Department of Housing and Urban Development Audit Deficiencies – CDBG –Lack of Accurate Recordkeeping and Complete Documentation of CDBG Projects

Reference Number: SA2019-008

CFDA Number: 14.218

CFDA Title: Community Development Block Grants/Entitlement Grants (CDBG)

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-16-MC-06-0029; B-17-MC-06-0029

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: The City, working closely with HUD staff, developed and submitted a comprehensive corrective action plan addressing each of the HUD on-site monitoring report findings in December 2019.
- Anticipated Completion Date: June 30, 2020
- Current Status: Implemented.

Department of Housing and Urban Development Audit Deficiencies – CDBG – Catalog of Federal Domestic Assistance (CFDA) Title Number

Reference Number: SA2019-009

CFDA Number: 14.218

CFDA Title: Community Development Block Grants/Entitlement Grants (CDBG)

Federal Agency: Department of Housing and Urban Development

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Federal Award Identification Number: B-16-MC-06-0029; B-17-MC-06-0029

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: This recommendation has been implemented in fiscal year 2020. The required information is now included on all subrecipient contracts, project files and financial information.
- Completion Date: February 28, 2020
- Current Status: Implemented.

Department of Housing and Urban Development Audit Deficiencies – CDBG Subrecipient Reimbursement Request Documentation

Reference Number: SA2019-010

CFDA Number: 14.218

CFDA Title: Community Development Block Grants/Entitlement Grants (CDBG)

Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-16-MC-06-0029; B-17-MC-06-0029

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II
- Corrective Action Plan: Based upon discussions with HUD, the contract form has been amended to replace the reimbursement per client language with the HUD approved guidelines and a template for tracking eligible expenses. Once approved by the City Attorney's office, the new contract form will be implemented.
- Anticipated Completion Date: April 30, 2020
- Current Status: Implemented.

Insufficient Documentation for HOME Activity

Reference Number: SA2019-011

CFDA Number: 14.239

CFDA Title: Home Investment Partnerships Program (HOME)

Federal Agency: Department of Housing and Urban Development (HUD)

Federal Award Identification Number: M-17-MC-06-0223, M-16-MC-06-0223,
M-15-MC-06-0223

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II, Ray Fortaleza, Senior Accountant
- Corrective Action Plan: The transaction noted in this finding was an eligible program expenditure which was amended from a loan to a grant. The documentation for this HOME funded project does exist but was inadvertently not filed in the proper location. Procedures are being developed to ensure that all HOME funded projects are fully documented.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

- Anticipated Completion Date: June 30, 2020
- Current Status: Implemented.

Support for Payroll Costs Charged to the HUD Grants and Compliance with the Administration Cost Limits

Reference Number: SA2019-012

CFDA Number: 14.239, 14.218
CFDA Title: Home Investment Partnerships Program (HOME)
Community Development Block Grant/Entitlement Grants
(CDBG) (NSP)

Federal Agency: Department of Housing and Urban Development (HUD)

Federal Award Identification Number: M-18-MC-06-0223, M-17-MC-06-0223,
B-18-MC-06-0029, B-17-MC-06-0029, B-16-MC-06-0029;
B-08-MN-06-0010 (NSP1); B-11-MN-06-0010 (NSP3)

- Name(s) of the contact person: Judy Shepard-Hall, Housing and Community Development Manager and Chari Barrera, Administrative Analyst II, Ray Fortaleza, Senior Accountant
- Corrective Action Plan: The City submitted a corrective action plan addressing this finding to HUD in December 2019. The excess overhead charges to the NSP and CDBG programs were reimbursed in Fiscal Year 2019-20. The CPD Policy and Procedures Manual was updated to include information on requirements for reporting and documentation of staff time charged to each grant program. Beginning with Fiscal Year 2019-20, the required timesheet documentation is being prepared.
- Anticipated Completion Date: June 30, 2020
- Current Status: Implemented, pending further direction from HUD if City should reimburse payroll costs.