



**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2021**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS – PRIOR AUDIT

There were no prior year financial statement findings.

FEDERAL AWARD FINDINGS – PRIOR AUDIT

**Finding Reference Number: SA2019-001 Monitoring CDBG and HOME Program Activities
for Compliance with Program Rules and Regulations**

CFDA number: 14.218 and 14.239

CFDA Title: Community Development Block Grant – Entitlement Grant
HOME Investment Partnerships Program

Name of Federal Agency: Department of Housing and Urban Development

- **Name(s) of the contact person:** *Eric Calleja, Housing Development Officer*
- **Fiscal Year of Initial Finding:** *2018-2019*
- **Current Status:**

The City has yet to receive clearance regarding Findings One, Two and Three from the grantor. The City did take the overarching CDBG guidelines to council on March 23, 2021. These CDBG guidelines were approved. The City submitted the overarching CDBG guidelines to HUD; however, the City never officially received a clearance letter from HUD. The City has not yet submitted the Subrecipient Monitoring and Oversight Manual to HUD. City staff does meet with its HUD representative on a quarterly basis to go over outstanding issues and is currently working on formally closing out these items.

Finding One – The City accepts HUD’s findings on Subrecipient Oversight. The City conducts thorough “desk audit” reviews of submitted reports and supporting documentation for invoices; however, the City is in the process of implementing more thorough on-site monitoring visits. If the City does find consistent anomalies during the “desk review”, staff would complete an on-site visit to further investigate.

Although the City did not complete a formal Risk Assessment, the City does consider funding amounts and performance history with the sub-recipient when determining whether an on-site review would return anything different than a desk review. The documents and supporting documentation that are submitted with invoices are the same documents that would be reviewed during a typical on-site review.

Moving forward, the City will complete the following actions:

- 1) The City has already submitted the overarching CDBG Guidelines to HUD for review per their request on a different program. The City has also formalized a more detailed Subrecipient Monitoring and Oversight Manual which provides policies, procedures, and methodology related to Subrecipient Risk Assessment. The City will be submitting this more detailed manual to HUD on or before June 30, 2022.
- 2) The City has updated its Grant Agreement template for the new program year to include all necessary provisions from 2 CFR 200. The City will submit contract template to HUD for review on or before June 30, 2022.
- 3) The City has also developed a Risk Assessment methodology which is included in the subrecipient manual.

Finding Two – The City agreed that St. Justin’s program intake form was inadequate; however, due to the nature of the primary population served (homeless and seniors), it is likely that the clientele is eligible.

The City has drafted a new intake form with updated income levels, a place for the client and staff to sign, and a place where the client can self-certify their homeless status. Unfortunately, St. Justin’s voluntarily withdrew from the City’s public service funding program in 2020 due to the increased intake requirements; however, the City will continue to use the new intake form where required.

Finding Three – The City disagreed with this finding. In the City’s contract/agreement template that is used with all subrecipients, there is the clause requiring those grantees that expend \$750,000 or more of federal financial assistance in a fiscal year to obtain a Single Audit.

The new policies and procedures detail when single audits are required and how they are reviewed by City staff. The updated contract template also details regulator language related to this concern.

The City has yet to formally receive clearance regarding these findings from the grantor. The City did take the overarching CDBG Guidelines to council in March 23, 2021. They were approved and these overarching CDBG Guidelines were submitted to HUD; however, the City never officially received a clearance letter from HUD. The City has been in conversations with its HUD representative, Meira Barrett, and she has directed the City to email all documents related to HUD’s monitoring visit of 2019 for her review.

Concern – While the City’s current TBRA Guidelines contain verbiage that the TBRA administrator is required to review the lease, staff acknowledges that this requirement could be clarified and further emphasized. Neither the City nor HUD discovered any specific proof that the TBRA administrator was not reviewing the leases.

The City has updated the TBRA Guidelines to make it clearer that the TBRA administrator is required to review leases, and that they need to send subsidy checks by a certain date every month.

In its December 20, 2019 letter to the City, the grantor indicated that this Concern is considered closed.