



**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2020**

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:**

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 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.

Moving forward, the City will complete the following actions:

- 1) The City will formalize a Subrecipient Monitoring and Oversight manual which will provide policies, procedures, and methodology related to Subrecipient Risk Assessment. The City has already worked with Cloudburst, the City’s HUD technical advisor, to complete a draft the manual, which is scheduled to go before City Council on March 23, 2021.
- 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 the draft contract template to HUD for review.
- 3) The City has also developed a Risk Assessment methodology which is included in the subrecipient manual.

Finding Two – The City agrees that St. Justin’s program intake form is 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 that has 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 due to the increased intake requirements; however, the City will continue to use the new intake form where required.

Finding Three – The City disagrees 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. Further, with the updated contract template, any concerns regarding required regulatory language have been addressed.

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

The City will update 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.