



**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2019**

CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS - CURRENT YEAR

There were no current year financial statement findings.

FEDERAL AWARD FINDINGS - CURRENT YEAR

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*
- **Corrective Action Plan:**

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, on-site monitoring efforts need improvement. 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 amount and history with the sub-recipient when determining whether an on-site review would return anything different than a desk review.

The City will complete the following actions:

- 1) The City will formalize a Subrecipient Monitoring and Oversight manual which will include a methodology on Subrecipient Risk Assessment. The City has already contacted Cloudburst, the City’s HUD technical advisor, to assist with this effort.
- 2) The City will be updating its Grant Agreement template for the new program year to include all necessary provisions from 2 CFR 200. The City will send the draft contract template to HUD for review.
- 3) The City will develop a Risk Assessment methodology which will be included in the subrecipient

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. The City has given the draft intake form to the agency to be approved by their Board. The City will then submit the form to HUD for approval.

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 will 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 should be 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 will send the subsidy checks by a certain date every month.

- **Anticipated Completion Dates:**

Finding #1, April 30, 2020; Finding #2, November 30, 2020; Finding #3, April 30, 2020; and Concern, Implemented. As noted in its December 30, 2019 letter to the City, the grantor indicated that it considers the Concern to be "closed."