



## Agenda Report

21-261

Agenda Date: 3/23/2021

### REPORT TO COUNCIL

#### SUBJECT

Action on the Single Audit Report for Fiscal Year 2019-20

#### COUNCIL PILLAR

Enhance Community Engagement and Transparency

#### BACKGROUND

The City's annual financial statement audit also includes the federally mandated "Single Audit" which is designed to meet the special reporting requirements of federal granting agencies, specifically Office of Management and Budget (OMB) Uniform Guidance 2.CFR.200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (formerly OMB A-133). The standards governing Single Audit engagements require that agencies expending more than \$750,000 in federal monies in a fiscal year have an independent audit not only on the fair presentation of the financial statements, but also on internal controls for compliance with the administrative requirements of federal awards. The Single Audit was performed by the City's financial statement auditor, Maze & Associates. The Single Audit report is attached.

City staff and Maze & Associates met with the City Council Audit Committee on March 11, 2021. Present were Committee members Watanabe, Jain, and Park. During the Committee meeting, Maze & Associates gave a presentation about the audit process and scope of work, as well as the auditor's opinion. Arising from the discussion were committee members' questions related to the administrative overhead incurred with the Housing and Urban Development (HUD) programs and also how other neighboring cities manage their overhead while administering their programs. City Housing staff will present an update on those topics to the full Council at a future meeting.

The Audit Committee unanimously accepted the Single Audit Report presented at the Committee meeting and recommended that the City Council note and file the reports at the March 23, 2021 Council meeting. After the Council meeting, the Single Audit Report will be published on the City's website.

#### DISCUSSION

Based on their audit, Maze & Associates issued an unmodified opinion with regard to the fair presentation of the financial statements and that the City is in compliance with internal control over financial reporting. For Fiscal Year 2019-20, Maze & Associates identified the HUD - Community Development Block (CDBG) - Entitlement Grant as the major program to audit. There are no current year findings as a result of the FY 2019-20 Single Audit. Part of the annual requirements for the Single Audit is to report on the status of any audit findings that were identified during the previous year. The Single Audit for FY 2018-19 resulted in a finding related to monitoring the CDBG program activities for compliance with program rules and regulations. The actions staff have taken, and the

status of the prior year finding are outlined in the attached summary schedule of prior year audit findings.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

**FISCAL IMPACT**

The staff and the external auditor costs associated with the audit and financial reports production are included in the annual appropriations.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov).

**RECOMMENDATION**

Note and file the City of Santa Clara Single Audit Report for the year ended June 30, 2020, as recommended by the Council Audit Committee.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Single Audit Report June 30, 2020
2. Summary Schedule of Prior Audit Findings