



## Agenda Report

22-306

Agenda Date: 3/22/2022

### REPORT TO COUNCIL

#### SUBJECT

Action on the Single Audit Report for Fiscal Year 2020-21

#### 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 14, 2022. 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. City staff and Maze & Associates answered questions from Committee members.

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 22, 2022 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 2020-21, Maze & Associates identified three major programs to audit: Housing and Urban Development (HUD) - Community Development Block (CDBG) - Entitlement Grant; Department of Treasury - State of California pass-through - Covid 19 - Coronavirus Relief Fund; and Department of Transportation - Highway Planning and Construction Grant. The audit yielded one finding related to the Federal Funding Accountability and Transparency Act (FFATA) reporting requirement for the CDBG program. The City subsequently provided documentation that showed the correct reporting data on March 10, 2022 and resolved the reporting discrepancy. As part of the attached Corrective Action Plan, Staff has revised the policies and procedures manual and developed a review process to ensure the compliance with the FFATA

reporting requirement.

Additionally, 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, 2021, as recommended by the Council Audit Committee.

Reviewed by: Kenn Lee, Director of Finance

Approved by: City Manager’s Office

### **ATTACHMENTS**

1. Single Audit Report June 30, 2021
2. Single Audit Current Year Finding - Corrective Action Plan
3. Summary Schedule of Prior Audit Findings