

Agenda Report

December 9, 2013

TO: Honorable Mayor and City Council

THROUGH: Finance/Audit Committee

FROM: Director of Finance

SUBJECT: FISCAL YEAR JUNE 30, 2013 SINGLE AUDIT REPORTS

RECOMMENDATION:

It is recommended that the Single Audit Reports on Federal Awards for the year ending June 30, 2013 be received by the City Council.

BACKGROUND:

This action is to receive and file the City's Single Audit Reports on Federal Awards for the fiscal year ended June 30, 2013. This report was not available in time for presentation with the City's financial reports on November 18, 2013. A brief presentation will be made by the City's external auditors, Brown Armstrong, Certified Public Accountants.

The Single Audit Act of 1984 and Single Audit Act Amendments of 1996 establish uniform audit requirements for local governments expending federal awards greater than \$500,000 a year. The audit is on an "entity-wide" basis and imposes additional requirements in relation to testing of, and reporting on, internal control and compliance with laws and regulations. The Single Audit Reports for Fiscal Year ended June 30, 2013 contains two reports. The first one reports on internal control over financial reporting and found no material weaknesses in internal control over financial reporting and no instances of noncompliance or other matters requiring disclosure. The second report on compliance with major federal programs found that the City complied in all material respects with the requirements that have a direct and material effect on each of the City's major federal programs. However, there were three lesser matters that were identified as significant deficiencies in federal programs. A brief summary of each finding and City response follows:

- Finding 13-01, Supportive Housing. Some sub-recipients did not submit their Annual Progress Reports within the required 90 days after year end. In response, the City will establish a shorter deadline and increase monitoring of completion.
- Finding 13-02, Community Development Block Grant. There was no evidence of HUD 60002 Section 3 report and the Consolidated Annual Performance and Evaluation Report (CAPER) was submitted late and did not include all of the required components. In response, the City will utilize a consultant to implement a monitoring schedule to ensure timely and complete reports.
- Finding 13-03, Community Development Block Grant. Program monitoring was not performed for all sub-recipients. In response, the City retained additional consultant services to develop and implement sub-recipient monitoring procedures and schedules.

In all cases, a management response and corrective action plan is provided and staff has or will fully address each finding.

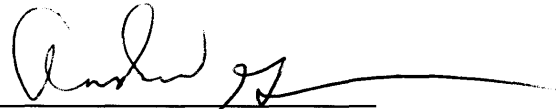
COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the receipt and review of these reports.

FISCAL IMPACT:

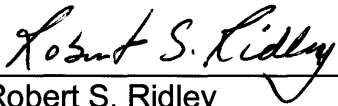
There is no fiscal impact as a result of this action nor will it have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



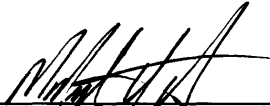
ANDREW GREEN
Director of Finance

Prepared by:



Robert S. Ridley
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Approved by:



MICHAEL J. BECK
City Manager