

City of Monterey

Monterey, California

Single Audit and Independent Auditors' Reports

For the Year Ended June 30, 2020



City of Monterey

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Honorable Mayor and the Members of City Council
of the City of Monterey
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey, California (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and the Members of City Council
of the City of Monterey
Monterey, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Santa Ana, California
June 25, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditors' Report

To the Honorable Mayor and the Members of City Council
of the City of Monterey
Monterey, California

Report on Compliance for Each Major Federal Program

We have audited the City of Monterey, California's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

To the Honorable Mayor and the Members of City Council
of the City of Monterey
Monterey, California
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Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 25, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The PwC Group, LLP

Santa Ana, California
December 6, 2021, except for the Schedule of Expenditures of Federal Awards, which is as of June 25, 2021.

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City of Monterey
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development:				
<i>Direct Programs:</i>				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants / Entitlement Grants	14.218	B-19-MC-06-004	\$ 234,434	\$ -
Community Development Block Grants / Entitlement Grants	14.218	Program Income	1,428,363	164,257
Total CDBG - Entitlement Grants Cluster			<u>1,662,797</u>	<u>164,257</u>
Total U.S. Department of Housing and Urban Development			<u>1,662,797</u>	<u>164,257</u>
U.S. Department of the Interior				
<i>Direct Programs:</i>				
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00112	13,917	-
Total U.S. Department of Justice			<u>13,917</u>	<u>-</u>
U.S. Department of Justice:				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	3,944	-
Total U.S. Department of Justice			<u>3,944</u>	<u>-</u>
U.S. Department of Transportation				
<i>Pass-through the State of California Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ATPL-5086(034)	1,070,988	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	HSIPL 5086(040)	4,860	-
Total Highway Planning and Construction Cluster			<u>1,075,848</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,075,848</u>	<u>-</u>
U.S. Department of Homeland Security				
<i>Direct Program:</i>				
Assistance to Firefighters Grant Program (AFG)	97.044	EMW-2018-FO-03789	65,725	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00540	170,944	-
Total U.S. Department of Homeland Security			<u>236,669</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,993,175</u>	<u>\$ 164,257</u>

City of Monterey
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1 – Reporting Entity

The financial reporting entity consists of the primary government, City of Monterey, California (the “City”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

- City of Monterey Joint Powers Financing Authority

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The activity of the City’s federal award programs is reported within the General Fund, the special revenue funds and the capital projects funds of the City. The City utilizes the modified accrual basis of accounting for the General Fund, the special revenue funds and the capital projects funds as described in Note 1 to the City’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal awards programs of the City and, therefore, does not present the financial position or results of operations of the City. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State of California Department of Transportation are included in the Schedule.

Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the accompanying Schedule were determined based on the program name, review of grant contract information, and the Office of Management and Budget’s Catalog of Federal Domestic Assistance.

Indirect Cost Rate

The City did not elect to use the 10% de minimis cost rate.

City of Monterey
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? **2020-002**
- Significant deficiency(ies) identified? **2020-001**

Type of auditors’ report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
14.218	CDBG - Entitlement Grants Cluster:	\$ 1,662,797
20.205	Highway Planning and Construction Cluster:	1,075,848
	Total Expenditures of All Major Federal Programs	<u>\$ 2,738,645</u>
	Total Expenditures of Federal Awards	<u>\$ 2,993,175</u>
	Percentage of Total Expenditures of Federal Awards	<u>91.50%</u>

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? **No**

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

A. Current Year Findings – Financial Statement

No current year findings were noted.

B. Prior Year Findings – Financial Statement

No prior year findings were noted.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

2020-001 Program Income – Internal Control and Compliance Over Program Income

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number:	14.218
CDDA Title:	Community Development Block Grants / Entitlement Grants
Federal Agency:	Department of Housing and Urban Development
Pass-Through Entity:	N/A
Federal Award Number and Award Year:	B-19-MC-06-004

Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):

Pursuant to the Compliance Supplement 2020 for Program Income Requirement:

The grantee must accurately account for any program income generated from the use of CDBG funds and must treat such income as additional CDBG funds which are subject to the program requirements. Program income does not include income received in a single program year by the grantee and all of its subrecipients if the total amount of such income does not exceed \$25,000 (24 CFR sections 570.500 and 570.504).

Condition:

During our audit, we noted there is a discrepancy in the amount of \$30,290 between the program income in the amount of \$1,418,366 reported in Integrated Disbursement and Information System (“IDIS”) and program income reported in the general ledger in the amount of \$1,448,656.

Cause:

The City experienced delays in closing the books and records which resulted in reporting program income in IDIS based on the trial balance available at September 2020, which was not accurate.

Effect or Potential Effect:

Due to the underreporting of program income, the City might request drawdowns in excess of the expenditures net of the program income resulting in not compliant with compliance requirement.

Questioned Costs:

None

Context:

See condition above for context of the finding.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2020-001 Program Income – Internal Control and Compliance Over Program Income

Identification as a Repeat Finding, If Applicable:

Repeating finding. See 2019-002 in the Prior Year Current Findings and Questioned Costs section.

Recommendation:

We recommended the City establish a process for reviewing and tracking the program income in order to report in the IDIS and reconcile to the City’s general ledger timely and accurately.

View of Responsible Officials:

Management concurred with the finding.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2020-002 Reporting – Internal Controls and Compliance Over Reporting

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number: 14.218
 CDFA Title: Community Development Block Grants / Entitlement Grants
 Federal Agency: Department of Housing and Urban Development
 Pass-Through Entity: N/A
 Federal Award Number and Award Year: B-18-MC-06-004, B-19-MC-06-0004

Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):

Pursuant to Compliance Supplement 2020 for Reporting Requirements:

SF-425, Federal Financial Report – Pursuant to the Federal Financial Report (“FFR”) and Final Payment Request or ASAP Draw instruction, the quarterly FFR are due no later than 30 days after the end of the quarter.

Condition:

During our audit, we noted that the City did not file the FFR and the CAPER timely during the year ended June 30, 2020. The submission date for each quarter is summarized as follows.

Report	Reporting Period End Date	Report Due Date	Report Submission Date
Federal Financial Report (SF-425)	September 30, 2019	October 30, 2019	February 25, 2020
Federal Financial Report (SF-425)	December 31, 2019	January 30, 2020	July 13, 2021
Federal Financial Report (SF-425)	March 31, 2020	April 30, 2020	July 13, 2021
Federal Financial Report (SF-425)	June 30, 2020	July 30, 2020	July 13, 2021

Cause:

Monitoring control are not sufficient to ensure compliance over the reporting requirements.

Effect or Potential Effect:

The delay in filing the report resulted in noncompliance with program requirements.

Questioned Costs:

None

Context:

See condition above for context of the finding.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2020-002 Reporting – Internal Controls and Compliance Over Reporting (Continued)

Identification as a Repeat Finding, if Applicable:

Repeat finding, see 2019-003 in the Prior Year Current Findings and Questioned Costs section.

Recommendation:

We recommend that the City follows its comprehensive policies and procedures and specify the deadlines for all required reporting for all City employees to follow.

View of Responsible Officials:

Management concurred with the finding.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

B. Prior Year Findings and Questions Costs – Major Federal Award Program Audit

2019-001 Procurement and Suspension and Debarment – Internal Controls over Verification against the System for Award Management (“SAM”)

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number:	20.205
CDFA Title:	Highway Planning and Construction (Federal-Aid Highway Program)
Federal Agency:	Department of Transportation
Pass-Through Entity:	State of California Department of Transportation
Federal Award Number and Award Year:	ATPL-5086(034)

Condition:

During our testing on the internal control over procurement and suspension, and debarment for formal bids and request for proposals, we selected one formal bid project and one request for proposal for testing. We tested 100% of the transactions and noted the City did not have sufficient documentation to support that suspension and debarment check was performed for the request for proposal selected for testing.

Recommendation:

We recommended the City perform the suspension and debarment check prior to awarding the contracts to the vendors to ensure the vendors are not suspended or debarred from federally-funded projects.

Current Status:

Finding was resolved during the year ended June 30, 2020.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

B. Prior Year Findings and Questions Costs – Major Federal Award Program Audit (Continued)

2019-002 Program Income – Internal Control Over Program Income

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number:	14.218
CDDFA Title:	Community Development Block Grants / Entitlement Grants
Federal Agency:	Department of Housing and Urban Development
Pass-Through Entity:	N/A
Federal Award Number and Award Year:	B-18-MC-06-004

Condition:

During our audit, we noted the City did not have a process in place to review the reconciliation of the program income received during the year to the Integrated Disbursement and Information System (“IDIS”).

Recommendation:

We recommended the City establish a process of tracking the program income in order to report in the IDIS and reconcile to the City’s general ledger timely and accurately.

Current Status:

See finding 2020-001.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

B. Prior Year Findings and Questions Costs – Major Federal Award Program Audit (Continued)

2019-003 Reporting – Internal Control and Compliance Over Reporting

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number:	14.218
CDDA Title:	Community Development Block Grants / Entitlement Grants
Federal Agency:	Department of Housing and Urban Development
Pass-Through Entity:	N/A
Federal Award Number and Award Year:	B-18-MC-06-004

Condition:

During our audit, we noted that the City did not file the FFR timely during the year ended June 30, 2019. The submission date for each quarter is summarized as follows:

Reporting Period End Date	Grantee Submission Deadlines	Grantee File Date
September 30, 2018	October 30, 2018	March 21, 2019
December 31, 2018	January 30, 2019	March 4, 2019
March 31, 2019	April 30, 2019	February 25, 2020
June 30, 2019	July 30, 2019	February 25, 2020

Recommendation:

We recommend that the City follows its comprehensive policies and procedures and specify the deadlines for all required reporting for all City employees to follow.

Current Status:

See current year finding 2020-002.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

B. Prior Year Findings and Questions Costs – Major Federal Award Program Audit (Continued)

2019-004 Special Tests and Provision – Internal Control and Compliance over Wage Rate Requirements

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number:	20.205
CDFA Title:	Highway Planning and Construction (Federal-Aid Highway Program)
Federal Agency:	Department of Transportation
Pass-Through Entity:	State of California Department of Transportation
Federal Award Number and Award Year:	ATPL-5086(034)

Condition:

During our audit, we noted that 5 out of 40 payroll certifications selected for testing were not filed by the vendors and provided to the City; 1 out of 40 payroll certifications selected for testing was not signed by the contractor.

Recommendation:

We recommend that the City establish formal policies and procedures to enhance all wage rate requirements and specifically to address receipt of timely certifications with the proper authorization for the federally-funded projects and to ensure the City are in compliance with the compliance requirements.

Current Status:

Finding was resolved during the year ended June 30, 2020.

City of Monterey
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs (Continued)

B. Prior Year Findings and Questions Costs – Major Federal Award Program Audit (Continued)

2019-005 Special Tests and Provision – Internal Control and Compliance over Quality Assurance Program

Identification of the Federal Program:

Catalog of Federal Domestic Assistance (“CFDA”) Number:	20.205
CDFA Title:	Highway Planning and Construction (Federal-Aid Highway Program)
Federal Agency:	Department of Transportation
Pass-Through Entity:	State of California Department of Transportation
Federal Award Number and Award Year:	ATPL-5086(034)

Condition:

During our audit, we noted that the City did not have an approved QA program by either FHWA or the State of California Department of Transportation between July 1, 2018 to April 25, 2019.

Recommendation:

We recommended the City establish policies and procedures in obtaining the approval of the City’s QA program.

Current Status:

Finding was resolved during the year ended June 30, 2020.

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