



Item Number: 17

City Council / Board of Directors

Consent Calendar

Meeting of: July 16, 2024

Submitted By:

Carmen Cun, Finance Director / City Treasurer

Subject:

Receive and file of the annual Single Audit on Federal Expenditures report for Year Ended June 30, 2023

Recommendation:

That the City Council receive and file the Fiscal Year 2022-2023 Single Audit.

Fiscal Impact:

There is no fiscal impact from this receive and file item.

Strategic Plan Goal:

Annual single audit and reporting is part of Goal A: Financial Sustainability as this report acts as a tool for management to monitor Federal program activities.

Background:

The Single Audit Act of 1984 establishes uniform audit requirements for local governments expending federal awards greater than \$750,000 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. These rules are listed in Title 2 US Code of Federal Regulations (CFR) Part 200.

The purpose of the single audit is to test the City's internal controls and compliance and to report any findings to those charged with governance. Further, the single audit is used to provide assurance to the federal agencies granting the funds that the use of the funds is in compliance with the program's requirements and Uniform Guidance. The City in turn, initiates a corrective action plan to correct identified deficiencies and produce recommended improvements. Thus, the audit results turn into opportunities to strengthen our internal controls and operate efficiently, and eventually, they become best practices in our business processes.

Discussion:

The City's independent auditors, CliftonLarsonAllen LLP (CLA), have completed their annual audit of the City's fiscal activities for the fiscal year ended June 30, 2023. The auditing firm of CliftonLarsonAllen LLP (CLA) audited three major programs per the 2 CFR 200 requirements. This included major Coronavirus Relief Funds including American Rescue Plan Act (ARPA) and CDBG-CV funding sources. The deadline to submit the Single Audit for fiscal year ending June 30, 2023, was March 31, 2024. There was a delay in filing due to the unforeseen cyber incident, which delayed the testing of the Federal program activities. The expenditures for this period along with the results of the audit are reflected in this report which was filed with the Federal Audit Clearinghouse on June 27, 2024, and sent to all federal agencies granting funding to the City of Victorville.

Audit findings 2023-001 through 2023-006 were submitted to the City Council at the June 18, 2024, meeting on item 19 titled "Annual Financial Reports for the Fiscal Year Ended June 30, 2023". These findings were previously discussed during the receipt and filing of the annual comprehensive audited financial statements and the SCLAA and VWD annual audit reports and provided to the City Council. Auditing standards require that these findings be repeated in the Single Audit as part of the City's Corrective Action Plan.

Finding 2023-006 deals specifically with the financial reporting and preparation of the Schedule of Expenditures of Federal Awards (SEFA). Staff has outlined a corrective action for this item. The corrective action is delineated below in Attachment B labeled "Corrective Action Plan".

2023-006 - Material Weakness in internal Control over Financial Reporting - Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

During our testing of the Schedule of Expenditures of Federal Awards (SEFA), we noted that the following federal expenditures should have been included in the fiscal year 2021-2022 SEFA but were excluded: \$6,355,730 under Assistance Listing Number 21.027, Coronavirus State and Local Fiscal Recovery Funds, and \$199,999 under 14.231, Emergency Solutions Grant Program. These amounts were instead included in the fiscal year 2022-2023 SEFA even though the federal expenditures were incurred in fiscal year 2021-2022.

Staff remains available for any questions the Council may have.

Attachments: A. Single Audit of Federally Assisted Grant Programs Year Ended June 30, 2023
 B. Corrective Action Plan