



CITY COUNCIL 2022

MARK NAGALES, MAYOR (DIST. 2)
FLOR NICOLAS, VICE MAYOR
MARK ADDIEGO, MEMBER
JAMES COLEMAN, MEMBER (DIST. 4)
EDDIE FLORES, MEMBER

MIKE FUTRELL, CITY MANAGER

**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2022**

CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS - CURRENT YEAR

Finding Reference Number: SA2022-001 - **Schedule of Expenditures of Federal Awards (SEFA) Preparation**

Assistance Listing Number: 14.218, 14.239, 20.205

Assistance Listing Title: Community Development Block Grant/Entitlement Grants (CDBG)
COVID-19 - Community Development Block Grants/Entitlement Grants-CV

Home Investment Partnerships Program (HOME)
Highway Planning and Construction (Federal-Aid Highway Program)

Name of Federal Agency: Department of Housing and Urban Development
Department of Transportation

Federal Award Identification Number: B-21-MC-06-0042
COVID-19 – B-20-MW-06-0042
CDBG Daly City Pass Through #Not Available
HOME Pass Through #Not Available
BPMP-5177 (039), HSIPL-5177 (043)

Name of Pass-through Entity: City of Daly City, County of San Mateo, State of California Department of Transportation

- **Name(s) of the contact person:** Karen Chang, Finance Director
- **Corrective Action Plan:** Finance has discussed with various program managers regarding the requirements of Federal Grants and the importance of passing along the information to Finance. Finance will monitor the grant acceptance through Council Action and will create new account codes to capture different types of Grant funds to increase awareness.
- **Anticipated Completion Date:** July 1, 2023

FEDERAL AWARD FINDINGS - CURRENT YEAR

Finding Reference Number: SA2022-002 - **Federal Funding Accountability and Transparency Act (FFATA) Reporting**

Assistance Listing Number: 14.218

Assistance Listing Title: Community Development Block Grant – Entitlement Grant
COVID-19 - Community Development Block Grants/
Entitlement Grants-CV

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-21-MC-06-0042

COVID-19 – B-20-MW-06-0042

CDBG Daly City Pass Through #Not Available

Name of Pass-through Entity: City of Daly City

- **Name(s) of the contact person:** Karen Chang, Finance Director
- **Corrective Action Plan:** Staff were not aware of this requirement. The city is going to incorporate this requirement in the grant procedural manual to ensure the grant program manager understands the reporting requirements under the FFATA.
- **Anticipated Completion Date:** July 1, 2023

Finding Reference Number: SA2022-003 - **Monitoring of CDBG Program Activities For Compliance with Program Rules and Regulations**

Assistance Listing Number: 14.218

Assistance Listing Title: Community Development Block Grant – Entitlement Grant
COVID-19 - Community Development Block Grants/
Entitlement Grants-CV

Name of Federal Agency: Department of Housing and Urban Development

Federal Award Identification Number: B-21-MC-06-0042

COVID-19 – B-20-MW-06-0042

CDBG Daly City Pass Through #Not Available

Name of Pass-through Entity: City of Daly City

- **Name(s) of the contact person:** Nell Selander, ECD Director/ Karen Chang, Finance Director
- **Corrective Action Plan:** It should be noted that the City does not agree with all of the findings made by HUD and is actively evaluating whether findings will be disputed or corrective action taken. For example, Finding 2023-01-B may be disputed, as the City’s CDBG Committee and City Council meet to evaluate requests for funding. These meetings are captured in audio (and in some cases video) recordings, minutes produced, and recommendations summarized in staff reports. Additionally, staff do not agree with Finding 2023-02-A, that a grant-based accounting system must be used to manage CDBG. There is currently a system in place to track and report revenue and expenditures for CDBG. Finance will bolster this system by using the project accounting module in Eden to manage future CDBG projects to increase efficiency and promote transparency. Given the extensiveness of the findings made in the HUD monitoring letter and the need to coordinate with multiple subgrantees and internal departments, the City has requested an extension to respond, which was granted by HUD to extend the response date to June 8, 2023.

Finding Reference Number: SA2022-003 - Monitoring of CDBG Program Activities For Compliance (Continued)

To address any corrective action needed as a result of HUD's findings, ECD is in the process of updating the CDBG grant management manual, in coordination with Finance. During the past several years, both ECD and Finance have experienced staff turnover. Both departments are working closely to ensure staff are familiar with the latest CDBG program procedural manual, purchasing guidelines, and financial management policy to ensure record keeping is done properly and transparently.

- **Anticipated Completion Date:** July 1, 2023

Finding Reference Number: SA2022-004 - Financial Reporting

Assistance Listing Number: 14.218
Assistance Listing Title: Community Development Block Grant – Entitlement Grant
COVID-19 - Community Development Block Grants/
Entitlement Grants-CV
Name of Federal Agency: Department of Housing and Urban Development
Federal Award Identification Number: B-21-MC-06-0042
COVID-19 – B-20-MW-06-0042
CDBG Daly City Pass Through #Not Available
Name of Pass-through Entity: City of Daly City

- **Name(s) of the contact person:** Karen Chang, Finance Director and Nell Selander, ECD Director
- **Corrective Action Plan:** City staff is currently working with an outside consultant to reconcile the CDBG Financial Summary report and the PR26-CDBG-CV Financial Summary report. Going forward, City will ensure the information will be reconciled on a periodic basis.

The City will confirm with HUD to determine if the missing 15011 reports are required.

- **Anticipated Completion Date:** December 31, 2023

Finding Reference Number: SA2022-005 - **Cash Management – Draw Down of Community Development Block Grant Funds in Advance of Expenditures**

Assistance Listing Number: 14.218
Assistance Listing Title: Community Development Block Grant – Entitlement Grant
COVID-19 - Community Development Block Grants/
Entitlement Grants-CV

Name of Federal Agency: Department of Housing and Urban Development
Federal Award Identification Number: B-21-MC-06-0042
COVID-19 – B-20-MW-06-0042
CDBG Daly City Pass Through #Not Available
Name of Pass-through Entity: City of Daly City

- **Name(s) of the contact person:** Karen Chang, Finance Director
- **Corrective Action Plan:** The CDBG grant seldom involves a contract that has included a retention payable. Going forward, staff will double check contracts that have retention clauses and ensure the reimbursement submission does not include an unpaid retention. Staff will also check with the grantor to see if the City needs to reimburse the interest earned on the grant funds advanced.
- **Anticipated Completion Date:** December 31, 2023

Finding Reference Number: SA2022-006 - **Subrecipient Monitoring**

Assistance Listing Number: 21.027
Assistance Listing Title: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Name of Federal Agency: Department of the Treasury
Federal Award Identification Number: EES4XJFTXC28

- **Name(s) of the contact person:** Karen Chang, Finance Director
- **Corrective Action Plan:** City will incorporate this information in our grant policy to ensure the program staff is aware of this requirement.
- **Anticipated Completion Date:** July 1, 2023