



## Legislation Text

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Report regarding a resolution accepting the Single Audit report for Fiscal Year 2021-22 (*Karen Chang, Finance Director*)

### **RECOMMENDATION**

Staff recommends that the City Council accept the Single Audit Report for the City of South San Francisco for the fiscal year ended June 30, 2022.

### **BACKGROUND/DISCUSSION**

#### **Background:**

Federal regulations mandate that any local agency receiving or expending \$750,000 or more in combined federal grant funds in a fiscal year, either directly or indirectly, is subject to a separate audit on those programs. This threshold was reached in fiscal year 2021-22 and, therefore, a separate Single Audit report was required. Maze and Associates (Maze), who also performed the City's financial audit, conducted the Single Audit for the fiscal year 2021-22.

#### **Analysis:**

The City incurred a total of \$6,434,075 in federal expenditures during fiscal year 2021-22 that fell under the parameters of the audit. The auditor identified two major programs to be audited, 1) Coronavirus State and Local Fiscal Recovery Funds and 2) Community Development Block Grants/Entitlement Grants and COVID-19 Community Development Block Grants/Entitlement Grants-CV (CDBG).

As required under the Single Audit Act, this report contains a schedule of Federal Financial Assistance (SEFA) that summarizes Federal grant activities in the City of South San Francisco for the fiscal year. The report also comments on either compliance with Federal assistance regulations or recommendations regarding the City's accounting practices.

The auditor issued the report with an unmodified opinion and one reported significant deficiency in internal control over financial reporting and five material weakness in internal control for the Federal awards programs being audited. The City's responses are attached to this report.

The noted significant deficiency was due to discrepancies in our reported expenditures on the SEFA schedule. The issue was remedied by creating new account codes in the General Ledger to capture the different types of grant information to ensure future accuracy in reporting.

The other findings were mainly related to grant compliance. The city is in the process of updating its grant management policies. We also plan to provide citywide training to grant managers so staff can have a deeper understanding of the stringent compliance requirements associated with the Federal grant awards.

**FISCAL IMPACT**

There is no fiscal impact resulting from the acceptance of this report.

**CONCLUSION**

Staff recommend that the City Council formally accepts this report.

Attachments:

1. Single Audit Report for the Year Ended June 30, 2022
2. Current year Corrective Action Plan (CAP)
3. Summary schedule of prior audit findings and corrective action
4. Single Audit Presentation Slides