

**CITY OF GLENDALE,
CALIFORNIA**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2014**

CITY OF GLENDALE, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014
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INDEPENDENT AUDITORS' 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

To the Honorable Mayor and Members of City Council
of the City of Glendale
City of Glendale, 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 City of Glendale (the City), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2014. Our report included an emphasis of matter paragraph regarding the reinstatement of a loan from the City to the Glendale Successor Agency.

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) to determine the 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 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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 determination of financial statement amounts. 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 entity'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.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 25, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Glendale, California's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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 requirements of laws, regulations, contracts, and grants 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; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding 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 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 OMB Circular A-133, 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.

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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 25, 2014, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph regarding the reinstatement of a loan from the City to the Glendale Successor Agency. Our audit was conducted for the purpose of forming 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 OMB Circular A-133 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 additional 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.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 25, 2014

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-through Los Angeles County Department of Community and Senior Citizens Services:			
Food Distribution Program	10.570	AAA-ENP2-0809-009	\$ 25,504
Total U.S. Department of Agriculture			<u>25,504</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grant Entitlement Program	14.218	B-13-MC-06-0518	<u>3,964,054</u>
Emergency Solutions Grants Program	14.231	E-13-MC-06-0518	<u>138,381</u>
Supportive Housing Program			
2004 Chester Street Permanent Supportive Housing	14.235	CA0948B9D121102	33,146
2004 Chester Street Permanent Supportive Housing	14.235	CA0948L9D121203	57,380
SHP renewal project - Scattered Site Family Transitional Housing	14.235	CA0730B9D121104	47,086
SHP renewal project - Scattered Site Family Transitional Housing	14.235	CA0730L9D121205	160,126
SHP renewal project - Hamilton Court Transitional Housing Project	14.235	CA0729B9D121104	97,550
SHP renewal project - Hamilton Court Transitional Housing Project	14.235	CA0729L9D121205	151,654
SHP renewal project - Ascencia Glendale Supportive Services	14.235	CA0732B9D121104	134,452
SHP renewal project - Ascencia Glendale Supportive Services	14.235	CA0732L9D121205	632,576
SHP renewal project - HMIS	14.235	CA0728B9D121104	20,400
SHP renewal project - HMIS	14.235	CA0728L9D121205	73,332
Childcare for Homeless Families, The Salvation Army	14.235	CA0727B9D121104	8,349
Childcare for Homeless Families, The Salvation Army	14.235	CA0727L9D121205	11,719
Glendale Next Step Permanent Supportive Housing Program	14.235	CA0731L9D121205	149,239
Glendale Next Step Permanent Supportive Housing Program	14.235	CA0731L9D121306	12,941
PATH Ventures Chronic Lease Program	14.235	CA0733L9D121205	300,198
PATH Ventures Housing Now Consolidated Program	14.235	CA0733L9D121306	20,602
Sub-total			<u>1,910,750</u>
Shelter Plus Care			
2005 S+C Chronic Homeless Prog	14.238	CA1057L9D121202	34,610
Special Needs Assistance - 1998 Renewal Shelter Plus Care Grant	14.238	CA0724L9D121205	243,316
1998 and 1999 Consolidated Shelter Plus Care	14.238	CA0724L9D121306	21,477
2001 Shelter Plus Care Program	14.238	CA0726C9D121104	54,316
2001 Shelter Plus Care Program	14.238	CA0726L9D121205	66,326
1998 and 1999 Consolidated S+C	14.238	CA0882C9D120900	45,162
2010 Shelter Plus Care Chronic	14.238	CA1028C9D121000	35,154
2011 Shelter Plus Care Chronically Homeless	14.238	CA1144C9D121100	25,844
Sub-total			<u>526,205</u>
Home Investment Partnerships Program	14.239	M-13-MC-06-0512	<u>2,719,640</u>
Section 8-Housing Assistance-Voucher Program	14.871	CA114V	14,821,252
Pass-through Other Housing Authorities			
Portable Voucher Program	14.871	CA114V	14,444,290
Sub-total			<u>29,265,542</u>
Total U.S. Department of Housing and Urban Development			<u>38,524,572</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0933	21,239
Equitable Sharing Program	16.922	CAD195300	<u>572,761</u>
Total U.S. Department of Justice			<u>594,000</u>
U.S. Department of Labor			
Pass-through State of California Employment Development Department (EDD)			
CDEI Wagner Peyser - Assistive Technology	17.207	K285818	46,188
CDEI Wagner Peyser	17.207	K285818	<u>254,190</u>
Sub-total			<u>300,378</u>
Workforce Investment Act Cluster (WIA)			
WIA Adult	17.258	K386336	107,595
WIA Adult	17.258	K491057	669,042
CDEI WIA Adult	17.258	K282515	119,480
15% Veteran's EAP	17.258	K178699	(4,792)
WIA Youth	17.259	K386336	130,709
WIA Youth	17.259	K491057	646,487
WIA Dislocated Worker	17.278	K386336	39,054
WIA Dislocated Worker	17.278	K491057	691,354
WIA Rapid Response	17.278	K386336	102,922
WIA Rapid Response	17.278	K491057	<u>460,364</u>
Sub-total			<u>2,962,215</u>
Pass-through South Bay Workforce Investment Board, Inc. from EDD			
Workforce Investment Act Cluster			
25% WIA Dislocated Worker Additional Assistance	17.278	13-WO-70	<u>234,411</u>
Total Workforce Investment Act Cluster			<u>3,196,626</u>
Total U.S. Department of Labor			<u>3,497,004</u>
U.S. Department of Transportation			
Pass-through State Department of Transportation			
Highway Planning and Construction Cluster			
Verdugo/Honolulu/Montrose Modification	20.205	HSIPL-5144(054)	4,542
Glendale Avenue Street & Wastewater Improvement	20.205	STPL-5144(058)	20,870
Wilson Avenue Intersections with Harvey Dr. and Broadway Ave	20.205	HSIPL-5144(053)	<u>391</u>
Total Highway Planning and Construction Cluster			<u>25,803</u>
Pass-through Los Angeles County Metropolitan Transportation Authority			
FTA Section 5307 Congestion Mitigation & Air Quality	20.507	MOU.PTGLENA7	<u>3,793,000</u>
Total U.S. Department of Transportation			<u>3,818,803</u>
U.S. Department of Treasury:			
Direct Programs			
Asset Forfeiture	21.000	CAD195300	<u>1,127</u>
Total U.S. Department of Treasury			<u>1,127</u>
U.S. Department of Energy:			
Direct Programs			
ARRA: Smart Grid	81.122	DE-OE0000248	<u>7,600</u>
Total U.S. Department of Energy			<u>7,600</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures
U.S. Department of Education			
Pass-through California State Library: Adult Education - Basic Grants to States	84.002	12-14508-2382-00	\$ 529
Total U.S. Department of Education			<u>529</u>
U.S. Department of Health and Human Services			
Pass-through Los Angeles County Department of Community and Senior Services Aging Cluster			
Special Programs for the Aging-Title III, Part B	93.044	AAA-ENP2-0809-009	1,000
Special Programs for the Aging-Title III, Part C	93.045	AAA-ENP2-0809-009	218,950
Total Aging Cluster			<u>219,950</u>
Pass-through Los Angeles County Department of Community and Senior Services Youth Employment Program	93.558	IA1106	130,508
Pre-Summer Youth Employment Program	93.558	IA0414	197,815
Sub-total			<u>328,323</u>
Total U.S. Department of Health and Human Services			<u>548,273</u>
Social Security Administration			
Direct Programs Social Security Administration 8/2013 - 6/2014	96.008	6 WIP13050394-01-01	181,655
Total Social Security Administration			<u>181,655</u>
Department of Homeland Security:			
Homeland Security Cluster			
Pass-through City of Los Angeles:			
FY 2010 Urban Area Security Initiative: Homeland Security Grant	97.008	2010-0085	555
FY 2011 Urban Area Security Initiative: Homeland Security Grant	97.067	2011-SS-0007	858,669
Sub-total			<u>859,224</u>
Pass-through Los Angeles County FY2011 State Homeland Security Grant	97.067	2011-SS-0077	303,981
Total Homeland Security Cluster			<u>1,163,205</u>
Pass-through FEMA State Office FY2009 Regional Assistance to Firefighters Grant	97.044	EMW-2010-FR-00502	(3,151)
Total Department of Homeland Security			<u>1,160,054</u>
Total Expenditures of Federal Awards			<u>\$ 48,359,121</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GLENDALE, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Glendale, California (the City) and its component units. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies and other nongovernmental to the City are included in the accompanying schedule.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants account for in the proprietary fund types, which is described in Note 1 of the City's financial statements.

C. Relationship to Basic Financial Statements

Federal awards revenues are generally reported within the City's financial statements under the financial statement caption "Revenue from other agencies" for the Governmental Funds and "Intergovernmental grants" in the Proprietary Funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree in all material respects with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

NOTE #2 – WORKFORCE INVESTMENT ACT

The City, along with the cities of Burbank and La Cañada Flintridge, established a joint powers agreement on December 14, 1999, named the Verdugo Consortium (the Consortium) for the purpose of receiving a Workforce Investment Act (WIA) allocation and administering the WIA program as a single participating jurisdiction. This agreement designates the Arroyo Verdugo Cities Steering Committee, which consists of one elected official from each of the three cities, to appoint Verdugo Workforce Investment Board members. The City, as the Consortium's lead entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all WIA program requirements, including the receipt and disbursement of, and accounting for, all WIA program and matching funds.

CITY OF GLENDALE, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE #3 – LOAN PROGRAM WITH CONTINUING COMPLIANCE REQUIREMENTS

The City administers loans that are made from funds provided by the Home Investment Partnerships Program (CFDA No. 14.239). As of June 30, 2014, the outstanding loan receivable balance is as follows:

	Beginning Balance	New Loans	Annual Interest	Forgiven Loans	Ending Balance
Loans Receivables	\$ 29,203,256	\$ 3,738,985	\$ 1,038,823	\$ (23,275)	\$ 33,957,789

NOTE #4 – SECTION 108 LOANS PAYABLE

The City has one Section 108 loan outstanding at June 30, 2014. The City has pledged current and future Community Development Block Grant (CDBG) funds a principal security for the loan. In November 2011, the City entered into Section 108 Series 2011-A loan with an original loan amount of \$2,000,000 and remaining principal amounts ranging from \$161,000 to \$242,000. The Series 2011-A loan payment is budgeted as a CDBG project each year based on the payment schedule. There was one principal payment as of June 30, 2014. Interest payments on the loan totaled \$28,964 for the year ended June 30, 2014. As of June 30, 2014, \$1,669,000 of the loan balance was outstanding.

NOTE #5 – AMOUNTS PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Federal Award Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grant	14.218	\$ 951,927
Emergency Services Grant	14.231	77,227
Supportive Housing Program	14.235	1,649,327
Total U.S. Department of Housing and Urban Development		2,678,481
U.S. Department of Labor		
Workforce Investment Act Cluster-WIA Adult Activities	17.258	28,585
Workforce Investment Act Cluster-WIA Youth Activities	17.259	361,080
Workforce Investment Act Cluster-WIA Dislocated Worker Activities	17.278	27,992
Workforce Investment Act Cluster-WIA Rapid Response Activities	17.278	44,207
Total U.S. Department of Labor		461,864
U.S. Department of Health and Human Services		
Youth Employment Program	93.558	298,330
Total U.S. Department of Health and Human Services		298,330
Total Amount Provided to Subrecipients		\$ 3,438,675

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major federal programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.871</u>	<u>Section 8 Housing Assistance Vouchers Program</u>
<u>17.258, 17.259, 17.278</u>	<u>Workforce Investment Act Cluster</u>
<u>20.507</u>	<u>FTA Section 5307 Congestion Mitigation & Air Quality</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,398,364</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

CITY OF GLENDALE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
II. FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-001

Program: Workforce Investment Act Cluster

CFDA No.: 17.258, 17.259, 17.278

Federal Agency: U.S. Department of Labor

Passed-through: State of California Employment Development Department

Award Year: 2013-14

Compliance Requirement: Subrecipient Monitoring

Criteria:

The March 2014 *Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* states that a pass-through entity is responsible for “Award Identification – At the time of the award, identifying to the sub-recipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.”

Condition Found:

Instance of Non-Compliance – Through testing of sub-recipient monitoring compliance, we noted that three sub-recipient award agreements between the City and the sub-recipients did not include the CFDA number or federal funding information required by OMB Circular A-133 for the period under audit.

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

Context:

The condition noted above was identified during our examination of the City’s agreements with its sub-recipients pertaining to the Workforce Investment Act.

Effect:

The sub-recipient agreements do not specifically identify the CFDA number, award name and Federal agency. Accordingly, sub-recipients may not be aware that they have received Federal funding and are subject to the compliance requirements of OMB Circular A-133.

Cause:

The City did not maintain procedures to ensure that the CFDA number, award name, and Federal agency were identified in the formal agreement executed with the sub-recipient.

Recommendation:

We recommend the City implement policies and procedures to ensure that information required by OMB Circular A-133 is included in sub-recipient agreements.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, Continued

Views of Responsible Officials and Planned Corrective Actions:

The City concurs with the auditors' finding. The City is often a third-party recipient of funding that originates at the federal level, passes through to the state or another entity, and is awarded to the City. Consequently, the pass through agencies often will not formally identify their funding as originating from a federal source either through the original grant solicitation, contract award or other documentation. As a resolution to this finding, the City will implement policies and procedures to ensure that information required by OMB Circular A-133 is included in sub-recipient agreements. The City will request the identification of the source of funding upon the award of funding, and if the funding is from a federal source, the City will request the CFDA number, award name and Federal agency.

CITY OF GLENDALE, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Summarized below is the current status of all audit findings reported in the prior year audit's Schedule of Findings and Questioned Costs

Finding No.	Program Name	CFDA No.	Condition/Compliance Requirement	Status of Corrective Action
2013-01	N/A	N/A	Impairment of Real Estate	Implemented
2013-02	N/A	N/A	Net Position Classifications in Business-Type Activities and the Water Fund	Implemented
2013-03	Community Development Block Grant Cluster	14.218	Reporting	<p>Views of Responsible Officials and Planned Corrective Action Partially Implemented:</p> <p>In regards to the finding regarding FFATA reporting on the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS), we disagree that we partially implemented the requirement to enter sub-recipient information on FSRS. All information required was entered into FSRS on a timely basis. However, at the time that information was entered, staff did not print out verifiable information on the actual date data was submitted as it was not necessary as part of the FSRS process. Staff will implement new procedures to print out the FSRS actual report on the date that sub-recipient data is submitted along with print screens with footer dates verifying submittal dates.</p>