



Single Audit Report  
In Accordance with the Uniform Guidance  
For the Fiscal Year Ending June 30, 2019  
**City of Glendale, California**

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**Independent Auditor's 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 the City of Glendale, California (City), as of and for the year ended June 30, 2019, 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 26, 2019.

**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 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 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.

**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 instance 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
November 26, 2019



**Independent Auditor’s 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 the Uniform Guidance**

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 (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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s 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 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* (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, 2019.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the City's separate corrective action plan. 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 responses.

### **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.

*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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002, that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the City's separate corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

**Report on 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 26, 2019, which contained unmodified opinions on those financial statements. 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 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California  
March 18, 2020

City of Glendale, California  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services:</b>				
Pass-through Los Angeles County Department of Community and Senior Services				
Aging Cluster:				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	SSP141808	\$ 50,000	\$ -
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers (telephone reassurance)	93.044	ENP162007	1,000	-
Sub-total Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers			<u>51,000</u>	<u>-</u>
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	ENP162007	245,981	-
Nutrition Services Incentive Program	93.053	ENP162007	8,817	-
Sub-total - Aging Cluster			<u>305,798</u>	<u>-</u>
TANF Cluster:				
Temporary Assistance for Needy Families (Youth Program)	93.558	IA0414	112,000	112,000
<b>Total U.S. Department of Health and Human Services</b>			<b><u>417,798</u></b>	<b><u>112,000</u></b>
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Programs:				
Home Investment Partnerships Program	14.239	M-18-MC-06-0512	1,726,139	-
Home Investment Partnerships Program Income	14.239	M-18-MC-06-0512	312,568	-
Sub-total - Home Investment Partnerships Program			<u>2,038,707</u>	<u>-</u>
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-06-0518	1,117,947	523,803
Emergency Solutions Grant Program	14.231	E-18-MC-06-0518	140,414	134,681
Continuum of Care Program - 1998 and 1999 Consolidated Shelter Plus Care Program	14.267	CA0724L9D121811	20,354	-
Continuum of Care Program - 1998 and 1999 Consolidated Shelter Plus Care Program	14.267	CA0724L9D121710	267,250	-
Continuum of Care Program - 2001 Shelter Plus Care Program	14.267	CA0726L9D121710	78,599	-
Continuum of Care Program - 2001 Shelter Plus Care Program	14.267	CA0726L9D121609	66,422	-
Continuum of Care Program - 2005 Shelter Plus Care Program	14.267	CA1057L9D121707	94,601	-
Continuum of Care Program - 2010 Shelter Plus Care Chronically Homeless	14.267	CA1028L9D121602	6,040	-
Continuum of Care Program - 2010 Shelter Plus Care Program	14.267	CA1028L9D121703	41,139	-
Continuum of Care Program - CES Reallocation 2015	14.267	CA1455L9D121702	468,551	418,568
Continuum of Care Program - CES Reallocation 2015	14.267	CA1455L9D121601	82,706	82,706
Continuum of Care Program - Chester Street Permanent Supportive Housing	14.267	CA0948L9D121708	35,034	35,034
Continuum of Care Program - Chester Street Permanent Supportive Housing	14.267	CA0948L9D121607	35,266	35,266
Continuum of Care Program - Glendale CoC Planning	14.267	CA1712L9D121700	45,016	-
Continuum of Care Program - Glendale CoC Planning	14.267	CA1621L9D121600	48,688	-
Continuum of Care Program - HMIS	14.267	CA0728L9D121710	43,567	-
Continuum of Care Program - HMIS	14.267	CA0728L9D121609	51,147	-
Continuum of Care Program - Ascencia Housing Now	14.267	CA0733L9D121710	300,347	274,308
Continuum of Care Program - Ascencia Housing Now	14.267	CA0733L9D121811	41,274	41,274
Continuum of Care Program - Family Promise of the Verdugos Rapid-Rehousing Program	14.267	CA1622L9D121600	39,395	37,188
Continuum of Care Program - Family Promise of the Verdugos Rapid-Rehousing Program	14.267	CA1622L9D121701	56,487	52,959
Continuum of Care Program - Ascencia Scattered Site Permanent Supportive Housing Program	14.267	CA1271L9D121704	142,201	140,963
Continuum of Care Program - Ascencia Scattered Site Permanent Supportive Housing Program	14.267	CA1271L9D121603	35,815	35,815
Continuum of Care Program - 2011 Shelter Plus Care Chronically Homeless	14.267	CA1144L9D121601	16,496	-
Continuum of Care Program - 2011 Shelter Plus Care Program	14.267	CA1144L9D121702	27,362	-
Continuum of Care Program - Ascencia Next Step	14.267	CA0731L9D121710	135,595	128,527
Sub-total - Continuum of Care Program			<u>2,179,352</u>	<u>1,282,608</u>
Housing Choice Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	CA114V	17,298,559	-
Pass-through Other Housing Authorities:				
Section 8 Housing Choice Vouchers	14.871	CA114V	16,514,391	-
Sub-total - Housing Choice Voucher Cluster			<u>33,812,950</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>39,289,370</u></b>	<b><u>1,941,092</u></b>
<b>Social Security Administration:</b>				
Direct Programs:				
Social Security - Work Incentives Planning and Assistance Program	96.008	5 WIP15050407-04-00	300,000	-
<b>Total Social Security Administration</b>			<b><u>300,000</u></b>	<b><u>-</u></b>



City of Glendale, California  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Labor:</b>				
Pass-through State of California Employment Development Department (EDD):				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	K8106695	\$ 234,871	\$ -
WIOA Adult Program	17.258	K9111037	555,546	74,326
WIOA Adult Program - SlingShot 2.0	17.258	K9111037	7,162	-
WIOA Adult Program - Disability Employment Accelerator Phase III	17.258	K7102078	203,972	-
WIOA Adult Program - Disability Employment Accelerator Phase V	17.258	K9111037	335	-
WIOA Adult Program - VEAP	17.258	K8106695	241,948	-
Sub-total WIOA Adult Program			<u>1,243,834</u>	<u>74,326</u>
WIOA Youth Activities	17.259	K8106695	103,311	-
WIOA Youth Activities	17.259	K9111037	547,655	411,874
Sub-total WIOA Youth Activities			<u>650,966</u>	<u>411,874</u>
WIOA Dislocated Worker Formula Grants	17.278	K8106695	239,812	-
WIOA Dislocated Worker Formula Grants	17.278	K9111037	523,503	70,009
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	K8106695	51,197	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	K9111037	438,366	43,500
WIOA Dislocated Worker Formula Grants (Rapid Response Layoff Aversion)	17.278	K8106695	9,757	-
WIOA Dislocated Worker Formula Grants (Rapid Response Layoff Aversion)	17.278	K9111037	102,213	-
WIOA Dislocated Worker Formula Grants - Verdugo Sector Skills Project	17.278	K7102078	233,233	-
Sub-total WIOA Dislocated Worker Formula Grants			<u>1,598,081</u>	<u>113,509</u>
Sub-total WIOA Cluster			<u>3,492,881</u>	<u>599,709</u>
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	K7105780	2,757	-
Employment Service/Wagner-Peyser Funded Activities	17.207	K9111213	903	-
Sub-total Employment Service Cluster			<u>3,660</u>	<u>-</u>
<b>Total U.S. Department of Labor</b>			<b><u>3,496,541</u></b>	<b><u>599,709</u></b>
<b>U.S. Department of Justice:</b>				
Direct Programs:				
Equitable Sharing Program	16.922	CA0192500	13,646	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0024	14,112	-
DNA Backlog Reduction Program	16.741	2017-DN-BX-0109	62,835	-
DNA Backlog Reduction Program	16.741	2018-DN-BX-0062	29,964	-
Sub-total DNA Backlog Reduction Program			<u>92,799</u>	<u>-</u>
Pass-through State of California Governor's Office of Emergency Services:				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ 17 05 6763	9,283	-
<b>Total U.S. Department of Justice</b>			<b><u>129,840</u></b>	<b><u>-</u></b>
<b>U.S. Department of Transportation:</b>				
Pass-through State Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction - Safe Route to School Program	20.205	SRTLNI-5144(062)	142,855	-
Highway Planning and Construction - Hoover, Toll/Keppel Schools & Chevy Chase Dr SRTS	20.205	ATPL-5144(066)	668,903	-
Highway Planning and Construction - North Verdugo Road Safety Improvements	20.205	HSIPL-5144 (070)	34,156	-
Highway Planning and Construction - Caltrans Surface Transportation Program	20.205	RSTPL-5144 (067)	34,951	-
Highway Planning and Construction - 1st/Last Mile Phase 2	20.205	ATPSB1L-5144(071)	59,107	-
Highway Planning and Construction - Pennsylvania Ave. Rehab	20.205	FERPL16-5144(069)	1,714,732	-
Sub-total Highway Planning and Construction Cluster			<u>2,654,704</u>	<u>-</u>
Pass-through LA County MTA:				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	CA-90-Y114/CA-95-X061	2,561,776	-
Bus and Bus Facilities Formula Program	20.526	CA-2017-058-00	(4,641)	-
Sub-total Federal Transit Cluster			<u>2,557,135</u>	<u>-</u>
Pass-through State of California Office of Traffic Safety				
Highway Safety Cluster:				
National Priority Safety Programs	20.616	PT19044	48,075	-
National Priority Safety Programs	20.616	PT18052	8,370	-
Sub-total National Priority Safety Programs			<u>56,445</u>	<u>-</u>
State and Community Highway Safety	20.600	PT19044	119,253	-
State and Community Highway Safety	20.600	PT18052	30,156	-
Sub-total State and Community Highway Safety			<u>149,409</u>	<u>-</u>
Sub-total Highway Safety Cluster			<u>205,854</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19044	116,689	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18052	75,553	-
Sub-total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>192,242</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<b><u>5,609,935</u></b>	<b><u>-</u></b>

City of Glendale, California  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>National Foundation on the Arts and Humanities:</b>				
Pass-through California State Library:				
Grants to States - Library Services and Technology Act - Pitch-An-Idea Grant	45.310	40-8450	\$ 1,272	\$ -
Grants to States - Library Services and Technology Act - Pitch-An-Idea Grant	45.310	40-8769	2,623	-
Grants to States - Southern California Library Cooperative - Mental Health Resource Fair	45.310	40-8758	5,160	-
Grants to States - Southern California Library Cooperative - Mental Health Resource Fair	45.310	40-8758	<u>6,128</u>	-
Sub-total Library Services and Technology Act/Southern California Library Cooperative			<u>15,183</u>	-
Pass-through California Humanities:				
Promotion of the Humanities-Federal/State Partnership	45.129	HFAP17-20	<u>6,608</u>	-
<b>Total National Foundation on the Arts and Humanities</b>			<b><u>21,791</u></b>	<b>-</b>
<b>Department of Homeland Security:</b>				
Pass-through City of Los Angeles:				
Homeland Security Grant Program (FY2017)	97.067	EMW-2017-SS-00083	16,696	-
Homeland Security Grant Program (FY2016)	97.067	2016-0102	522,117	-
Homeland Security Grant Program (FY2017 Urban Area Security Initiative)	97.067	2017-0083	41,252	-
Homeland Security Grant Program (FY2016 Urban Area Security Initiative)	97.067	2016-0102	<u>1,863,531</u>	-
<b>Total Department of Homeland Security</b>			<b><u>2,443,596</u></b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 51,708,871</u></b>	<b><u>\$ 2,652,801</u></b>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Glendale, California (City) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3 - Indirect Cost Rate**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - Workforce Innovation and Opportunity 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 Innovation and Opportunity Act (WIOA) allocation and administering the WIOA program as a single participating jurisdiction. This agreement designates the Arroyo Verdugo Communities Joint Powers Authority (AVCJPA), which consists of one elected official from each of the three cities, to ratify appointments for members of the Verdugo Workforce Development Board. The City, as the Consortium's lead entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all WIOA program requirements, including the receipt, disbursement, accounting for all WIOA program, and matching funds.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's 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:**

CFDA Number	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
14.267	Continuum of Care Program
20.205	Highway Planning and Construction Cluster
20.507, 20.526	Federal Transit Cluster
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,551,266
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None reported

**Section III – Federal Award Findings and Questioned Costs**

**2019-001**      **Program:** Home Investment Partnerships Program (HOME)  
**CFDA No.:** 14.239  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Award Year:** 2018-19  
**Compliance Requirement:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles

**Criteria:**

In accordance with 2 CFR 200.62, internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and
  - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
  
- (b) Transactions are executed in compliance with:
  - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
  
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

**Condition Found:**

*Significant Deficiency* – As a result of the testwork performed, we noted five out of the fourteen payroll timesheets selected for testing did not have evidence of review or approval.

**Questioned Costs:**

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

**Context:**

Employees of the program are paid bi-weekly and the payroll timesheets reflect the hours of time coded and charged to the grant.

**Effect:**

As a result of the condition noted, the Federal program could be charged for service time and employee effort that is not related to allowable costs or activities of the HOME grant.

**Cause:**

Controls over approval of payroll timesheets were not operating effectively.

**Recommendation:**

We recommend management ensure that controls are being monitored to ensure they are operating effectively.

**View of Responsible Officials and Planned Corrective Action:**

We concur. The Community Development Department will make sure that employees who work on and paid by HOME grant fill out timesheets, and the timesheets will be reviewed and approved by the employees' supervisors.

**Name of Responsible Person:**

Mike Fortney, Principal Housing Project Manager

**Implementation Date:**

March 31, 2020

**2019-002**      **Program:** Continuum of Care  
**CFDA No.:** 14.267  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Award Year:** 2018-19  
**Compliance Requirement:** Special Tests and Provisions-Reasonable Rental Rates

**Criteria:**

In accordance with 2 CFR 200.62, *internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and
  - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
  
- (b) Transactions are executed in compliance with:
  - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
  
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Per the *2019 OMB Compliance Supplement*, where grants are used to pay for rent, the rent paid must be reasonable in relation to rents being charged in the area for comparable space and the portion of rents paid with grant funds may not exceed HUD-determined fair market rents.



**Condition Found:**

*Significant Deficiency, Instance of Non-Compliance* – As a result of our Special Tests and Provisions testwork, we noted the following:

- 6 of 40 transactions where the reasonable rent comparison was not performed and reviewed, but the participant was receiving rental assistance.
- 1 of 40 transactions in which the portion of rents paid with grant funds exceeded HUD-determined fair market rents.

**Questioned Costs:**

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

**Context:**

The conditions noted above were identified during our procedures over Special Tests and Provisions. We found that the City had not performed 6 instances of reasonable rent comparisons for rental assistance funds allocated under the grant agreements. We found 1 instance in which the portion of rent paid by the City with grant fund exceeded HUD's determined fair market rents.

**Effect:**

As a result, the program could be paying rents in excess of the allowable amounts

**Cause:**

The City's procedures did not ensure that reasonable rental comparisons for rental assistance were completed and reviewed.

**Recommendation:**

We recommend that the City strengthen its existing policies and procedures to ensure compliance with the program's requirements are monitored and maintained in accordance with the grant awards and program.

**View of Responsible Officials and Planned Corrective Action:**

We concur. The Community Services and Parks Department has implemented Elite Rent Comparable Policy and will complete the rent comparable for all units above the FMR, regardless of the owner participation.

**Name of Responsible Person:**

Ivet Samvelyan, Community Services Manager

**Implementation Date:**

March 31, 2020

City of Glendale, California  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2019

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<b>Finding No.</b>	<b>Program Name / Description</b>	<b>CFDA No.</b>	<b>Compliance Requirement</b>	<b>Status of Corrective Action</b>
2018-001	Housing Choice Voucher Cluster	14.871	Activities Allowed or Unallowed	Implemented