

CITY OF SANTA ROSA, CALIFORNIA

Single Audit Reports

For the Fiscal Year Ended June 30, 2014

CITY OF SANTA ROSA, CALIFORNIA
Single Audit Reports
For the Fiscal Year Ended June 30, 2014

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CITY OF SANTA ROSA

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Agency <i>Direct or Pass-Through Agency</i> Federal Program	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
<i>Direct Programs</i>			
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 785,253
Home Investment Partnerships Program	14.239	N/A	332,377
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	103,842
Section 8 Housing Choice Vouchers	14.871	N/A	18,583,081
Total U.S. Department of Housing and Urban Development			<u>19,804,553</u>
U.S. Department of Justice:			
<i>Direct Program</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	45,849
<i>Passed through the County of Sonoma</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3223	10,504
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>56,353</u>
U.S. Department of Transportation:			
<i>Direct Programs</i>			
Federal Transit - Formula Grants	20.507	N/A	5,521,402
New Freedom Program	20.521	N/A	17,723
<i>Passed through the State Department of Transportation</i>			
Highway Planning and Construction	20.205	CML-5028(069)	763,513
Highway Planning and Construction	20.205	SRTS-5028(058)	14,739
Highway Planning and Construction	20.205	CML-5028(072)	51,068
Highway Planning and Construction	20.205	HSIPL-5028(073)	14,689
Total Highway Planning and Construction			<u>844,009</u>
<i>Passed through the State Office of Traffic Safety</i>			
State and Community Highway Safety	20.600	PT14114	168,642
State and Community Highway Safety	20.600	SC13394	15,858
Total State and Community Highway Safety			<u>184,500</u>
<i>Passed through the University of California Berkeley</i>			
Sobriety Checkpoint Grant Program	20.608	SC14394	39,521
Total U.S. Department of Transportation			<u>6,607,155</u>
National Endowment for the Arts			
<i>Direct Program</i>			
Program of the Arts-Partnership Agreements	45.024	N/A	<u>30,000</u>
U.S. Department of Homeland Security			
<i>Direct Program</i>			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	1,313,765
<i>Passed through the County of Sonoma</i>			
Emergency Management Performance Grants	97.042	Cal EMA 2012-EP-0027	<u>78,185</u>
Total U.S. Department of Homeland Security			<u>1,391,950</u>
Total Expenditures of Federal Awards			<u><u>\$ 27,890,011</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF SANTA ROSA, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

NOTE 1 – REPORTING ENTITY

The City of Santa Rosa, California (City), for purposes of the schedule of expenditures of federal awards (Schedule), includes all the funds of the primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and No. 34*. It also includes the Housing Authority of the City of Santa Rosa, a component unit of the City.

NOTE 2 – BASIS OF PRESENTATION

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 2 to the City’s basic financial statements, except for programs recorded in the City’s enterprise funds. The enterprise funds are presented using the accrual basis of accounting, which is described in Note 2 to the City’s basic financial statements.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree to or can be reconciled with the amounts reported in the City’s basic financial statements.

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

NOTE 5 – SUBRECIPIENTS

Of the expenditures presented in the Schedule, the City provided federal awards to subrecipients, as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$175,060

**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***

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

City Council of the City of Santa Rosa
Santa Rosa, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Santa Rosa, California (City), as of and for the fiscal 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 December 29, 2014. Our report contained an emphasis of matter paragraph discussing the City’s adoption of the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* and another emphasis of matter paragraph discussing the uncertainties related to the State Department of Finance’s rejection of a number of obligations that the Successor Agency considers enforceable, including \$7.1 million due to the City.

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. 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.

Macias Gini & O'Connell LLP

Sacramento, California

December 29, 2014

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

City Council of the City of Santa Rosa
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited the City of Santa Rosa, California’s (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 fiscal 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.

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 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 for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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.

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 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 a 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 the 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, 2014-004 and 2014-005 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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the fiscal 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 December 29, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Sacramento, California

March 19, 2015

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major federal programs:	

<u>Name of Major Federal Program or Cluster</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Staffing for Adequate Fire and Emergency Response	97.083
Dollar threshold used to distinguish between type A and type B programs:	\$836,700
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2014-001
Category of Finding: Reporting
CFDA Title: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Award Number: PIH2013-14
Award Year: 2013-14
Federal Agency: U.S. Department of Housing and Urban Development

Criteria:

OMB Circular A-133, Subpart C—Auditees, § .300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Title 24: Housing and Urban Development; PART 982—SECTION 8 TENANT BASED ASSISTANCE: HOUSING CHOICE VOUCHER PROGRAM, Subpart D—Annual Contributions Contract and PHA Administration of Program, § 982.158 Program accounts and records.

- (a) The PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The PHA must comply with the financial reporting requirements in 24 CFR part 5, subpart H.
- (b) The PHA must furnish to HUD accounts and other records, reports, documents and information, as required by HUD. For provisions on electronic transmission of required family data, see 24 CFR part 908.

HUD-50058, Family Report (OMB No. 2577-0083)

The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA's jurisdiction under portability.

Condition:

Two of 40 HAP Contracts tested reported inaccurate date of birth on the Family Report form (HUD 50058).

Cause:

Rather than an internal secondary review to compare system entries with the hard copy evidence, the City relies on information verification through the Income Eligibility and Verification System (IEVS), which is maintained by the State.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Effect:

In addition to the City not being in compliance with the criteria previously stated, the City exposes itself to the risk of clerical inaccuracies, which could compromise eligibility determinations.

Questioned Costs:

No questioned costs associated with the finding.

Context:

The sample of 40 was selected from a population of 1,566 HAP Contracts.

Recommendation:

Management should strengthen controls to ensure that all information is accurately entered in order to ensure that information is accurately reported on the Family Report.

Management Response and Corrective Action:

Management agrees with the recommendation and will examine the review process in place for proper implementation.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2014-002
Category of Finding: Special Tests and Provisions
CFDA Title: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Award Number: PIH2013-14
Award Year: 2013-14
Federal Agency: U.S. Department of Housing and Urban Development

Criteria:

OMB Circular A-133, Subpart C—Auditees, § .300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Title 24: Housing and Urban Development, PART 982—SECTION 8 TENANT BASED ASSISTANCE: HOUSING CHOICE VOUCHER PROGRAM, Subpart I—Dwelling Unit: Housing Quality Standards, Subsidy Standards, Inspection and Maintenance, § 982.405 PHA initial and periodic unit inspection.

- (a) The PHA must inspect the unit leased to a family prior to the initial term of the lease, at least annually during assisted occupancy, and at other times as needed, to determine if the unit meets the Housing Quality Standard.

Condition:

For two of 40 HAP contracts tested, the City could not provide evidence that an annual inspection had been performed of the related unit within the required timeline.

Cause:

It does not appear that the City has established the proper level of review sufficient to ensure that inspections occur within the required timeframe.

Effect:

The City exposes itself to the risk of disbursing funds for units that do not meet the Housing Quality Standards.

Questioned Costs:

The HAP payments made under these two HAP contracts for the months selected for testing were \$1,352. It was further determined that the HAP payments made under these two HAP contracts for the months between when the inspections were due and when the inspections were performed or the contract was terminated was \$4,852.

Context:

The HAP payments made under the 40 HAP contracts for the months selected for testing totaled \$26,197. The 40 HAP monthly payments were selected from a total of \$14,133,908 in HAP payments made during the year covering a total of 1,566 HAP contracts.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Recommendation:

Management should strengthen controls to ensure that inspections occur within the required timeframe.

Management Response and Corrective Action:

Management agrees with the recommendation and will examine the review process in place for proper implementation.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2014-003
Category of Finding: Reporting
CFDA Title: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Award Number: PIH2013-14
Award Year: 2013-14
Federal Agency: U.S. Department of Housing and Urban Development

Criteria:

OMB Circular A-133, Subpart C—Auditees, § .300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition:

There is no audit trail that documents that the following reports are reviewed and approved before submitted:

- Financial Reports
 - HUD-52681 Voucher for Payment of Annual Contributions and Operating Statement
 - Financial Status Report
- Performance Reports
 - HUD-52648 SEMAP Certification Report

Cause:

While the City has the secondary review procedure in place, it has not developed a procedure for documenting the formal review and approval.

Effect:

There is a risk that without a policy to document evidence of the secondary review of reports, the control may not be operating as designed.

Questioned Costs:

No questioned costs associated with the finding.

Context:

The HUD-52681 is a monthly financial report. The Financial Status Report is an annual financial report. The HUD-52648 is an annual performance report.

Recommendation:

Management should strengthen the existing policy to include documentation of review and approval in order to ensure that the control is properly operating as designed.

Management Response and Corrective Action:

Management agrees with the recommendation and will examine the review process in place for proper implementation.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2014-004
Category of Finding: Reporting
CFDA Title: Staffing for Adequate Fire and Emergency Response
CFDA Number: 97.083
Award Number: EMW-2012-FH-00388
Award Year: 2013-14
Federal Agency: U.S. Department of Homeland Security

Criteria:

OMB Circular A-133, Subpart C—Auditees, § .300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Title 44 - Emergency Management and Assistance, PART 13—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Reports, Records Retention, and Enforcement, §13.41 Financial reporting.

(b) *Financial Status Report*—

- (2) *Accounting basis.* Each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency.

Condition:

The semi-annual Federal Financial Reports (SF 425) and quarterly Hiring Performance Reports were not reviewed and approved by someone independent of the preparation process. Furthermore, the reports were not complete and under-reported costs by \$76,179 for the fiscal year ended June 30, 2014.

Cause:

It does not appear that the City has established the proper level of review sufficient to ensure that reports are completed accurately. It also does not appear that there are any documented procedures for preparing the reports.

Effect:

The City exposes itself to the risk of inaccurately reporting program activity to the grantor agency. Furthermore, the City risks the grantor agency withholding program funds by not submitting the required reports.

Questioned Costs:

As the City under-reported costs, none of the costs reported are questioned.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Context:

A review by management noted under-reported costs in the financial reports for the entirety of the program reporting from inception to date. For the fiscal year ended June 30, 2014, the program had reported costs of \$1,237,586.

Recommendation:

Management should strengthen internal controls and documentation of procedures to ensure that complete and accurate reports are submitted to the granting agency.

Management Response and Corrective Action:

Management agrees with the recommendation and will work to put in place proper oversight and review for the various reports.

CITY OF SANTA ROSA, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2014

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2014-005
Category of Finding: Cash Management
CFDA Title: Staffing for Adequate Fire and Emergency Response
CFDA Number: 97.083
Award Number: EMW-2012-FH-00388
Award Year: 2013-14
Federal Agency: U.S. Department of Homeland Security

Criteria:

OMB Circular A-133, Subpart C—Auditees, § .300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition:

Drawdown requests are not reviewed or approved by someone independent of the preparation process.

Cause:

It does not appear that the City has established the proper level of review, sufficient enough to ensure that drawdown requests are independently reviewed by someone other than the preparer.

Effect:

The City exposes itself to the risk that the drawdown requests are not in compliance with cash management requirements.

Questioned Costs:

No questioned costs associated with the finding.

Context:

There were six drawdown requests made during the year ended June 30, 2014.

Recommendation:

Management should develop internal controls to ensure a secondary review is performed prior to submission of the drawdown requests and a policy to document the secondary review.

Management Response and Corrective Action:

Management agrees with the recommendation and will work to put in place proper oversight and review for drawdown requests.

CITY OF SANTA ROSA, CALIFORNIA

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

No prior year findings and questioned costs.