



**SOLANO COUNTY GRAND JURY
2011-12**

CITY OF RIO VISTA FINANCIAL REPORTING

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I. SUMMARY

The State issued a report to the City of Rio Vista in May 2011 that cited several areas of noncompliance, including the ineligible use of Community Development Block Grant funds. As a result of the City of Rio Vista spending more than \$500,000 of Federal grant money, it was required to submit a Single Audit Report for fiscal year 2009-10 by March 31, 2011. The City of Rio Vista did not submit the required Single and Financial Statement audit reports for the fiscal year ended June 30, 2010 until December 1, 2011, eight months past the March 31, 2011 due date. The audit reports detailed numerous findings involving serious financial control weaknesses that could expose the City to increased financial risk. Identified weaknesses included accounting errors, lack of accounting policies and procedures, lack of fraud policies and procedures, insufficient computer controls, noncompliance to inter-fund loans and transfers, and inadequate segregation of accounting duties.

The 2011-12 Solano County Grand Jury performed a review of the circumstances, sequence of events, and potential causes associated with the financial issues and administrative concerns reported by the California Department of Community Development and the City of Rio Vista's independent auditor. The Grand Jury concluded the City of Rio Vista did not have adequate internal accounting controls to ensure accurate and timely financial reporting. Also, as of March 1, 2012, the City had not received final reimbursement for the Community Development Block Grant estimated to be \$727,000 for Americans with Disabilities Act improvements completed in fiscal year 2009-10. Additionally, financial oversight by elected officials needed to be improved.

II. INTRODUCTION

In 2006 the City of Rio Vista received a Federal grant totaling \$891,700 from the California Department of Housing and Community Development (DHCD) for renovation projects needed to comply with the Americans with Disability Act (ADA). The majority of the work was completed during fiscal year (FY) 2009-10 (July 1, 2009- June 30, 2010).

As a result of a citizen complaint, the DHCD, administrator of the grant funds, performed a monitoring visit of Rio Vista to ensure compliance with the grant requirements. The DHCD issued a report to the City of Rio Vista in May 2011 that cited 13 areas of noncompliance, including the improper use of grant funds.

As a result of the City of Rio Vista spending more than \$500,000 of Federal grant money, it was required to submit a Single Audit Report (defined in the Statement of Facts) for fiscal year 2009-10. Single Audit Reports, certified by an independent auditor, are due by March 31 following the fiscal year in which the funds were expended. Single Audit Reports must be accompanied by audited financial statements for the same period. The City of Rio Vista did not submit the required Single and Financial Statement audit reports for the fiscal year ending June 30, 2010

until December 1, 2011, eight months following the March 31, 2011 due date. In addition, the audit reports identified 10 findings, including the misuse of grant monies.

As a result of identified financial issues and concerns, and the significant time lag between fiscal year end and the submission of required audit reports, the 2011-12 Grand Jury elected to examine the specific areas of noncompliance to determine potential causes and needed corrective action.

III. METHODOLOGY

- Interviewed representative(s) from:
 - City of Rio Vista's independent certified public accounting firm
 - Interim staffing services firm
 - California Department of Housing and Community Development
 - City of Rio Vista City Council
- Reviewed California Government Code, Government Auditing Standards, and United States Office of Management and Budget (OMB) Circular A-133
- Reviewed Basic Financial Statements and Independent Auditors' Report for Fiscal Year ended June 30, 2010 (Issued December 1, 2011)
- Reviewed Single Audit Reports for Fiscal Year ended June 30, 2010 (Issued December 1, 2011)
- Reviewed the City's responses to the Department of Housing and Community Development monitoring findings issued on May 31, 2011 relating to Community Development Block Grant (Agreement No. 05-STBG-1624)
- Reviewed State Controller's Office, Division of Audits webpage reflecting the status of the City of Rio Vista's Single Audit Status for report due March 31, 2011
- Reviewed various related news and accounting/auditing articles
- Reviewed Rio Vista City Council General Policies and Procedures (dated May 6, 2010)
- Examined information associated with the City engaging temporary staffing to assist the finance department
 - Council Agenda Report recommending adoption of a contract with the Interim Staffing Services Firm
 - City of Rio Vista Resolution No. 2011-102 that authorized the contract with the Interim Staffing Services Firm
 - Municipal Staffing Agreement (contract)
 - Scope of Work – Interim Staffing Services letter

IV. STATEMENT OF FACTS

A. Community Development Block Grant (CDBG)

On March 23, 2006, the City of Rio Vista received a Community Development Block Grant (05-STBG-1624) in the amount of \$891,700 to expend on ADA-compliance projects. The grant

provided for reimbursement to the City for funds expended to complete the identified projects. Initial allocations were categorized under the following activities:

- Public Works (Streets/Parking)
- ADA Facility Improvements (City Hall, Fire Department, and Police Department)
- Pool and Park Improvements
- General Administration
- Activity Delivery (e.g., application processing and environmental reviews)

In April 2011, the DHCD conducted on-site monitoring visits. The monitoring visits included review of the City's CDBG program for compliance with statutory and regulatory requirements including activity eligibility, procurement policy, financial management, environmental review, and citizen participation. The DHCD published the monitoring results on May 31, 2011. The monitoring report identified 13 Findings¹ and one Concern² and outlined required and/or recommended corrective actions (*See Attachment A*). As a result of concerns associated with ineligible activities, DHCD deferred the City's July 2010 reimbursement request for \$842,588 until the appropriate ineligible costs could be identified and agreed to by DHCD and the City. Once DHCD and the City agreed to the amount of ineligible costs, the City could resubmit the funds request with the reduced dollar amount. The Grand Jury reviewed documents quoting differing dollar figures of potential ineligible costs. For example, the City estimated \$89,000 whereas the auditor estimated \$115,547 of ineligible costs. The Grand Jury learned that DHCD concurred with the auditor figure.

In October 2011, the City of Rio Vista responded to the DHCD monitoring report. However, several City comments and proposed corrective actions were deemed inadequate and were rejected by DHCD. Following negotiations between DHCD and City staff, the City eventually provided an acceptable response to the DHCD monitoring report in February 2012.

On January 25, 2012, the City submitted a revised Funds Request Form to DHCD. However, the form was rejected by DHCD because it was incomplete. As of March 1, 2012, deficiencies with the funds request had not been resolved, and the City remained unreimbursed for the \$842,588 expended through 2009 to complete grant-related ADA projects.

B. Fiscal Year 2009-10 Annual Financial Audit and Single Audit Reports

An annual audit is intended to determine whether a city conforms to generally accepted accounting principles and that the financial statements present fairly the financial position, results of operations, and cash flows. The annual financial audit includes testing to determine compliance with applicable laws and regulations.

¹ According to DHCD, a "Finding" is defined as a deficiency in program performance based on statutory or regulatory requirements for which corrective actions are necessary.

² According to DHCD, a "Concern" is an issue that, without attention or corrective action, could potentially result in a Finding.

The audit is typically performed by an independent certified public accountant (CPA) and encompasses both financial and compliance components. Although there is no required due date for accomplishment of a financial audit, the industry benchmark is 180 days from the end of the fiscal year.

When a city expends \$500,000 or more in Federal funds or grants, a "Single Audit Report" is required. The Single Audit Act of 1984 standardized audit requirements for government entities that receive and use Federal financial assistance programs. The United States Office of Management and Budget Circular A-133 provides guidelines and provisions that standardized the Single Audit in the United States. Single Audit reports are due by March 31 following the end of the fiscal year, and must be accompanied by audited financial statements for the fiscal year in question. An extension to this deadline is available if properly requested.

Since 2009, the City of Rio Vista has contracted with a San Francisco-based accounting firm to perform independent financial audits. The results of the firm's audit of the City's FY 2008-09 financial statements were issued on March 25, 2010 (268 days following fiscal year end). Prior to June 30, 2010, the City's Finance Manager unexpectedly resigned, leaving the Finance Department with a significant skill and knowledge void. As a result, City staff was unable to provide the audit team with timely, complete, and/or accurate financial records needed to accomplish the FY 2009-10 financial audit.

In January 2011, the City hired a new Finance Manager who was charged with completing several high-priority tasks, including preparing information for the FY 2009-10 audit, preparing the mid-year budget, implementing a utility billing module to the City's accounting software, transitioning to water metering, and performing delinquent day-to-day accounting functions. These competing priorities, other accounting anomalies, and complications associated with the Community Development Block Grant resulted in the delay of publishing the FY 2009-10 Financial Audit and Single Audit Reports until December 1, 2011, eight months past the due date.

The City's failure to submit the Single Audit Report by the March 31, 2011 deadline resulted in the City being listed on the California State Controller's Office (SCO) Single Audit Status Report as delinquent. The Grand Jury learned that the SCO status for the City of Rio Vista changed from "Delinquent" to "Closed" due to the City failing to respond to SCO letters and to deliver requested documents. Either classification could jeopardize future grant approval.

The Grand Jury's review of the Basic Financial Statements and Independent Auditors' Report and the Single Audit Report for the year ended June 30, 2010 identified the following:

- Although the City received an "unqualified" audit opinion,³ serious internal control weaknesses were cited that could expose the City to increased loss exposure due to embezzlement, fraud or other embarrassing financial tragedy

³ An unqualified opinion is when the Auditor concludes that the Financial Statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the Financial Statements.

- The report listed six ‘Prior Period Adjustments’ totaling approximately \$950,000 that required the City to restate previously issued financial statements. Approximately \$680,000 of the adjustments represented write-offs, while the remaining amount was reclassified due to accounting errors
- City responses to the audit findings contained in the “View of Responsible Officials and Planned Corrective Action” section presented what appeared to be excuses, did not provide mitigating controls to prevent deficiencies from recurring, and, in the case of Computer Controls,⁴ did not address the deficient condition
- Based on the results of testing, the CPA estimated questionable construction costs relating to the CDBG to be \$115,547. The City disagreed with this conclusion and indicated that it would file an appeal with DHCD. As of March 1, 2012, no reimbursement had been received
- The independent accounting firm identified the City of Rio Vista as a high-risk auditee, an entity that has a significant potential for not complying with Federal laws and regulations. This high risk designation requires the independent auditor to perform additional tests and increase the audit procedures to confirm that the opinion rendered is correct. Because of the additional work required, entities designated high risk must pay more for an audit.

Summary of Findings published in FY 2009-10 Financial Statement and Single Audit Reports

| Financial Statement Audit Finding Number | Summarized Finding | Deficiency in Internal Control Type⁵ |
|---|--|--|
| FS 2010-01 | Accounting errors resulting in restatement of previously issued financial statements | Material Weakness ⁶ |
| FS 2010-02 | Lack of accounting policies and procedures | Significant Deficiency ⁷ |
| FS 2010-03 | Lack of fraud policies and procedures | Significant Deficiency |
| FS 2010-04 | Insufficient computer controls | Significant Deficiency |
| FS 2010-05 | Failure to follow the City’s Inter-Fund Loan and Transfer Policy | Significant Deficiency |
| FS 2010-06 | Inadequate segregation of accounting duties | Significant Deficiency |
| Single Audit Finding | | |

⁴ The Computer Controls finding stated that the City does not have offsite storage for backup files. The response indicated the City was backing up its information on a daily basis to a secondary external drive located in the server room. This external drive can be placed in the City’s fire proof safe for safekeeping. The City response did not address moving back-up files offsite.

⁵ As stated in the City of Rio Vista’s Independent Auditors’ Report, “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.”

⁶ As stated in the City of Rio Vista’s Independent Auditors’ Report, “A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.”

⁷ As stated in the City of Rio Vista’s Independent Auditors’ Report, “A *significant deficiency* is a deficiency, or 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.”

| Number | | |
|------------|---|------------------------|
| SA 2010-01 | CDBG funds totaling \$115,547 were expended on improvements deemed ineligible | Significant Deficiency |
| SA 2010-02 | Absence of required records | Significant Deficiency |
| SA 2010-03 | Possible conflict of interest in procurement methods and processes | Significant Deficiency |
| SA 2010-04 | Inadequate accounting of grant general administration and direct project expenditures | Significant Deficiency |

C. Fiscal Year 2010-11 Annual Financial Audit

In October 2011, City staff recommended the City Council pay \$20,000 to a temporary staffing firm for accounting personnel to assist the Finance Department. According to the staff recommendation, the purpose of the additional staffing was to assure completion of various tasks, get the financial system in order, close out the FY 2010-11 financial records, and get to a point where the workload was manageable. Originally presented to the City Council on October 26, 2011, the issue was continued to November 3, 2011 to allow council members adequate time to review the proposal. Resolution Number 2011-102 was adopted at that meeting and temporary staffing was engaged.

The temporary staffing contract was to span about eight weeks with an expectation the FY 2010-11 books would be closed out no later than January 7, 2012. Review of the contract found that the staffing firm was to provide temporary accounting personnel supervised by City management. The contract contained neither a scope of work nor a list of detailed tasks.

Upon assessing the condition of the accounting records, the contractor concluded that closure of the FY 2010-11 financial records could not be completed until at least the middle of February 2012 due to the poor condition of the records. In addition, significant problems began to emerge regarding cash reconciliations (a discrepancy of nearly \$100,000 was discovered), and utility billing differences. These problems were the direct result of City staff failing to close the financial records and accomplish reconciliations on a monthly basis. As a result, errors carried forward from month-over-month caused small problems to become big problems. Significant errors discovered during the closure of the FY 2010-11 financial records could potentially result in material write-offs and/or adjustments to prior period financial statements. At the time of the Grand Jury inquiry (March 2012), financial records for the fiscal year ended June 30, 2011 had not been closed, and the required audit of the financial statements had yet to be scheduled.

In part, the staff report provided to City Council members on October 26, 2011 recommending temporary staffing services stated:

“...from a risk management analysis, the expected monetary value of not spending the money to get the books and department in order is high. Equally important is having to close the books and prepare accurate, timely, consistent, and relevant financial reports for departments, bondholders, the Council, and the public. With two fiscal years’ yet to be evaluated by auditors, it is not easy to get an accurate handle on available cash and fund balance information to make recommendations to the City Council on projects.”

This quote clearly outlines the potential risks the City faces. However, since this quote was drafted in October 2011, financial risks or threats have not been mitigated. Staffing shortages, personnel changes, work prioritization issues, communication breakdowns, and lack of employee knowledge of the City's accounting system has resulted in significant errors, increased costs, and general mistrust by the electorate.

The auditing industry benchmark is to issue audited financial statements within 180 days following the fiscal year end. When the City's annual audit reports continue to be issued well beyond six months from the end of the fiscal year, identification and correction of errors and trends cannot be effectively accomplished. Monitoring city finances is an essential component of effective financial management, but only when financial reports are issued on a timely basis.

D. Importance of Financial Oversight by Elected Officials

The Rio Vista City Council General Policies and Procedures (dated May 6, 2010) states, "The City Council is the policy body of the city." This document requires Council members to "Become knowledgeable about City operations and services so that Council members can effectively analyze reports of the City Manager, staff and consultants and evaluate the answers to questions." In addition, the policies and procedure document states, "It is the responsibility of each Council member to become thoroughly informed about the budget process, the various funds, their uses and restrictions. Each Council member is expected to participate fully in the annual and mid-year budget review, and to review the reports received from the Finance Manager and the City Treasurer."

Grand Jury review of an auditing industry article entitled *Audits: Roles and Responsibilities for Elected Officials* found four actions a city council can take to fulfill its fiduciary duty to reduce the likelihood of embezzlement, fraud, or other embarrassing financial tragedy. The four suggested actions identified by the article:

- Hire a city manager competent in municipal government finance and operation
- Provide the resources to properly perform the financial functions
- Hire a capable independent auditor
- Provide appropriate oversight

Rio Vista City Council General Policies and Procedures, and the article cited above, indicate that proactive oversight by the City Council is an important element in monitoring financial matters and is enhanced through regular communication and discussion between the Council, City staff, and others (e.g., City Treasurer, independent auditors, contractors, etc.).

Members of the Solano County Grand Jury attended two Rio Vista City Council meetings in December 2011 when the item "Acceptance of 2009-10 Audited Financial Statements" was on the agenda. The following observations were noted:

- **December 1, 2011** – Council members were provided a DRAFT of the Financial and Single Audit Reports with only a few hours to review and formulate concerns and questions. By unanimous vote the agenda item was continued until December 15, 2011,

when a representative for the City's audit firm would be present. City staff then announced the FINAL audit reports were issued by the CPA earlier that day (December 1) and had been forwarded to the State, even though the audit reports were not reviewed, discussed, or accepted by Council. Subsequently, the Grand Jury learned that legal counsel advised there was no issue with forwarding the reports to the State Controller's Office without City Council approval. In addition, the Grand Jury discovered that members of the Council had neither provided guidance nor reviewed the management comments contained in the audit reports.

- **December 15, 2011** – The audit results were presented at the end of a lengthy agenda.
 - Early in the meeting, a representative of the temporary staffing company provided an update on the progress of closing the financial books in preparation for the 2010-11 audit. During the update, it was disclosed that a significant variance associated with an outstanding \$100,000 unreconciled cash difference was being investigated in conjunction with City finance staff. This announcement generated little discussion and City staff did not acknowledge the significance of the variance. The temporary accounting staff identified the cash difference, but City staff offered no explanation as to why their own internal financial controls did not identify and correct the problem.
 - Late in the meeting, a representative for the City's accounting firm gave his presentation outlining the services performed and the audit results. Several Council members asked specific questions following the presentation. However, the Grand Jury observed there was no discussion addressing the adequacy of the City's proposed corrective actions and management comments.

V. FINDINGS AND RECOMMENDATIONS

Finding 1 – As of March 1, 2012, the City had not submitted an accurate form to obtain reimbursement for funds expended in 2009 for the Community Development Block Grant awarded to comply with the Americans with Disabilities Act. The outstanding balance is estimated to be \$727,000, which adversely impacts the City's financial health.

Recommendation 1 – City officials coordinate with the California Department of Housing and Community Development to accurately complete and submit a Funds Request Form to obtain reimbursement for outstanding grant funds due to the City.

Finding 2 – The City did not have adequate internal accounting controls to ensure accurate and timely financial reporting. External audit reports identified serious internal control weaknesses that could expose the City to increased loss exposure. Weaknesses noted in the audit report were:

- Accounting errors causing prior period adjustments
- Lack of accounting policies and procedures
- Lack of fraud policies and procedures
- Insufficient computer controls
- Failure to follow City Inter-Fund Loan and Transfer Policy

- Inadequate segregation of accounting duties.

Additional concerns noted by the Grand jury include:

- Key personnel changes
- Work prioritization issues
- Communication breakdowns
- Lack of employee knowledge of the City's accounting system
- Failure to perform month-end reconciliations and closing of the books
- Failure to have the annual audit completed in a timely manner

Recommendation 2 – City officials design, document, and implement appropriate internal controls to promote operational efficiency. Controls must be sufficient to safeguard City assets, check accuracy and reliability of accounting data, and provide reasonable assurance that errors or unauthorized activity will be prevented, timely detected and corrected. Officials should provide the resources and training to properly perform the financial functions so information generated from the accounting system can be relied on to plan and control the affairs of the city.

Finding 3 – Insufficient financial oversight by elected officials contributed to the City's financial reporting issues.

Recommendation 3a – Elected officials provide proactive oversight through regular verbal and written communication among the Council, Treasurer, staff and others. Financial items must be regularly placed on City Council agendas pursuant to the Brown Act.

Recommendation 3b – The City establish a Finance Committee to gain a better understanding of the City's finances and operations through more frequent meeting (e.g., monthly). Faced with limited time and resources, this activity could be incorporated into the City's Investment Planning and Review Committee (retitle it as Investment Planning and Financial Review Committee), which could continue to be chaired by the elected City Treasurer. In addition to investment activities, the revised committee's duties could be expanded to include ensuring financial records are closed monthly on a timely basis, review of the City's monthly Revenue and Expenditures Reports, and responsibilities related to preparing for and participating in the annual audit. As an example, the committee could consist of the Treasurer, City Manager, Finance Manager, two Council members, and one or more interested financial experts from the community.

COMMENTS

During the course of the Grand Jury investigation, several City personnel announcements were made. In November 2011, the City Council voted not to extend the City Manager's contract, which expired on April 9, 2012. Following the Council vote, the City began its search for a replacement. A citizen committee comprised of eleven Rio Vista residents was appointed by City Council to evaluate candidates for City Manager. In early February 2012, the City's Finance

Manager was released and an interim finance manager was hired while the City accepted applications for a permanent replacement.

REQUIRED RESPONSES

Council Members, City of Rio Vista

COURTESY COPIES

City Manager, City of Rio Vista

Treasurer, City of Rio Vista

CDBG Section Chief, California Department of Housing and Community Development

ATTACHMENT A – DHCD 2011 Monitoring Findings Summary

| Finding | Corrective Action |
|--|---|
| ENVIRONMENTAL REVIEW | |
| All activities that involve the expenditure of Federal CDBG funds must have the environmental review process completed, per the National Environmental Policy Act (NEPA), prior to commitment and/or expenditure of CDBG funds. 24 CFR 58 and 24 CFR 570.604. | |
| F#1: The City did not have a complete and accurate Environmental Review Record (ERR) for each activity. 24 CFR 58.38. | CA#1: This is an irresolvable Monitoring Finding. |
| F#2: The Certifying Officer did not sign any of the Environmental Finding Forms for the 5 projects, general or engineering administration, or engineering and design activities. | CA#2: This is an irresolvable Monitoring Finding. |
| ELIGIBLE ACTIVITIES | |
| All activities carried out with Federal CDBG funds must be eligible under the Housing and Community Development Act of 1974, as amended, (HCDA) Section 105 (a); 24 CFR 570.482. | |
| F#3: Some costs for the improvements to City Hall were ineligible under CDBG. | CA#3: Since portions of this activity were ineligible, the City must provide documentation identifying the cost breakdown for the total project; the costs for the ineligible improvements and a clear explanation of the basis used to determine the eligible versus ineligible costs. |
| F#4: Some costs for the improvements at Egbert Field were ineligible under CDBG. | CA#4: Since portions of this activity were ineligible, the City must provide documentation identifying the cost breakdown for the total project; the costs for the ineligible improvements and a clear explanation of the basis used to determine the eligible versus ineligible costs. |
| ELIGIBILITY OF CONTRACTORS AND SUBCONTRACTORS | |
| The Grantee (City) shall not enter into an agreement, written or oral, with any contractor without the prior determination of the contractor's eligibility. A contractor or subcontractor is not eligible to receive grant funds if the contractor is not licensed in good standing in California or listed on the Federal Consolidated List of Debarred, Suspended and Ineligible Contractors. The City of Rio Vista's Standard Agreement with DHCD, Exhibit C, Section 6. | |
| F#5: The City's files did not have documentation verifying that the contractors or subcontractors identified were not on the Federal debarment list prior to award of contracts. | CA#5: This is an irresolvable Monitoring Finding. |
| F#6: The City's files did not have documentation verifying the License statuses for Advantage Building Contractors and Broadreach prior to the award of contracts. | CA#6: This is an irresolvable Monitoring Finding. |
| PROCUREMENT: | |
| The standards and procedures for procurement are intended to ensure that supplies, equipment, construction and other services acquired, in whole or in part, with federal funds are obtained as efficiently as possible and are procured in a manner that provides, to the maximum extent practical, open and free competition. | |
| F#7: There was inadequate documentation that the City's procurement methods and processes met Federal procurement requirements. 24 CFR Part 85.36 (d). | CA#7: This is an irresolvable Monitoring Finding. |
| CONFLICT OF INTEREST | |
| No employee, officer or agent of the grantee or sub-grantee shall participate in selection or in the award, or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when an employee, officer or agent, any member of his/her immediate family, his/partner, or an organization which employs, or is about to employ, any of the above, has financial or other interest in the firm selected or award. 24 CFR 85.3(b); 24CFR 570.611. | |
| F#9: The City did not request a HUD waiver, through the Department, for the procurement of Broadreach, in which a principal agent of the company; charged time to the grant and was also the Chairman of the Planning Commission at that time. This, at a minimum, gives the appearance of a conflict of interest. | CA#9: This is an irresolvable Monitoring Finding. |
| CITIZEN PARTICIPATION: | |
| Citizen Participation requirements ensure the opportunity for citizens, especially persons within the targeted income group, to participate in planning and decision making related to the use of CDBG funds. 24 CFR 570.486; 25 CCR Part 7080. | |
| F#10: The City's files did not contain public notices regarding the change/increase in the scope of work at City Hall and the changes to the park ADA improvements, which deleted the work for the swimming pool and added picnic tables. | CA#10: This is an irresolvable Monitoring Finding. |
| FINANCIAL SYSTEMS | |
| Financial systems must comply with 24 CFR 85 and 24 CFR 87 to ensure accurate and allowable uses of Federal CDBG funds. | |
| F#11: The City's financial management system did not allow for the accurate accounting of grant funds. | CA#11: This is an irresolvable Monitoring Finding. |
| F#12: Account Codes are unrelated to the way that HUD/CDBG would require accounting of expenditures in that there were no separate account codes for activity delivery, general administration or activity costs. | CA#12: This is an irresolvable Monitoring Finding. |
| F#13: The City's files did not have complete files for the ADA improvement projects available for inspection by the Department during the Monitoring visit. | CA#13: This is an irresolvable Monitoring Finding. |
| CONCERNS | |
| Concern #1: The City's Public Information File does not contain all the required documentation. | Requested Action for Concern #1: The City will submit procedures that it will use to ensure that all appropriate information is properly included in the CDBG Public Information File for each grant. In addition, the City will submit the Table of Contents that will be used for the Public Information File, as well as identifying who will be responsible for currently maintaining the file. |