



CITY OF INGLEWOOD, CALIFORNIA

SEPTEMBER 30, 2021

SINGLE AUDIT REPORT

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on YOU



CITY OF INGLEWOOD, CALIFORNIA

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SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Inglewood, 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 Inglewood, California, (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 10, 2022.

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) as a basis for designing 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. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2021-001 and 2021-002.



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

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 financial statements. 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*.

City's Response to Findings

The City's responses to the findings identified in our audit were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California

May 10, 2022 (except for finding 2021-002, for which the date is July 14, 2022)



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND 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 the City Council
City of Inglewood, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Inglewood (the City), California's 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 September 30, 2021. 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.

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 September 30, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's government programs.



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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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



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

control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 10, 2022 (except for the Grants Fund major governmental fund which is as of July 14, 2022), 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.

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.

A handwritten signature in cursive script that reads "Lance, Solt & Luyhard, LLP".

Brea, California
July 14, 2022

CITY OF INGLEWOOD

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Program Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
<u>CDBG - Entitlement Grants Cluster</u>				
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Community Development Block Grants/Entitlement Grants *	14.218	N/A	\$ 766,484	\$ 110,619
COVID-19 - Community Development Block Grants/Entitlement Grants *	14.218	N/A	935,255	-
Total CDBG - Entitlement Grants Cluster			<u>1,701,739</u>	<u>110,619</u>
<u>Housing Voucher Cluster</u>				
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Section 8 Housing Choice Vouchers	14.871	N/A	12,029,188	-
Total Housing Voucher Cluster			<u>12,029,188</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Assistance:				
Home Investment Partnerships Program	14.239	N/A	1,246,334	-
Senior Center Complex	14.248	N/A	75,308	-
Total U.S. Department of Housing and Urban Development			<u>15,052,569</u>	<u>110,619</u>
<u>U.S. Department of Transportation</u>				
<u>Highway Planning and Construction Cluster</u>				
U.S. Department Transportation				
Pass-through the California Department of Transportation				
Highway Planning and Construction	20.205	836-131-144	422,651	-
Total Highway Planning and Construction Cluster			<u>422,651</u>	<u>-</u>
<u>Highway Safety Cluster</u>				
U.S. Department Transportation				
Pass-through the Office of Traffic Safety				
State and Community Highway Safety	20.600	965-053-908	86,112	-
Total Highway Safety Cluster			<u>86,112</u>	<u>-</u>
Direct Assistance:				
Airport Improvement Program *	20.106	N/A	8,423,669	-
Pass-through the Office of Traffic Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	965-053-908	82,024	-
Total U.S. Department of Transportation			<u>9,014,456</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Assistance:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	165,245	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	50,532	-
Equitable Sharing Program	16.922	N/A	544,660	-
Total U.S. Department of Justice			<u>760,437</u>	<u>-</u>
<u>US Department of Health and Human Services</u>				
<u>Aging Cluster</u>				
Pass-through the County of Los Angeles Workforce Development, Aging and Community Services				
COVID-19 - Special Programs for the Aging Title III Part C (Nutrition Services) *	93.045	963446005	1,029,353	-
Special Programs for the Aging Title III Part C (Nutrition Services) *	93.045	963446005	754,470	-
NSIP/USDA Title IIIC1 *	93.053	963446005	27,477	-
NSIP/USDA Title IIIC2 *	93.053	963446005	21,511	-
Total Aging Cluster			<u>1,832,811</u>	<u>-</u>
Pass-through the Los Angeles County Metropolitan Transportation Authority				
Temporary Assistance for Needy Families *	93.558	WTW19-001	20,575,703	20,575,703
Total U.S. Department of Health and Human Services			<u>22,408,514</u>	<u>20,575,703</u>
<u>U.S. Department of Homeland Security</u>				
Pass-through the California Governor's Office of Emergency Services				
Homeland Security Grant Program	97.067	18LA0183	52,500	-
Pass-through the California Office of Traffic Safety				
Hazard Mitigation Grant	97.039	PT19053-164AL-19	5,387	-
Total U.S. Department of Homeland Security			<u>57,887</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>47,293,863</u>	<u>\$ 20,686,322</u>

CITY OF INGLEWOOD

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Program Expenditures	Passed Through to Subrecipients
<u>Federal Loan Balances with a Continuing Compliance Requirement</u>				
CDBG Loans (beginning balance)	14.218	N/A	\$ 1,237,066	
HOME Loans (beginning balance)	14.239	N/A	9,148,832	
Neighborhood Stabilization Program Loans (beginning balance)	14.264	N/A	<u>204,650</u>	
Total Federal Loan Balances with a Continuing Compliance Requirement			<u>10,590,548</u>	
Total Expenditures of Federal Awards Including Loans with Continuing Compliance Requirement			<u>\$ 57,884,411</u>	

* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant account policies used in preparing this schedule.

Note b: There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: During the fiscal year ended September 30, 2021, the City did not receive repayments on HOME Loans or Neighborhood Stabilization Program Loans.

CITY OF INGLEWOOD

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
LOS ANGELES COUNTY GRANTS
ENP-162008 / SSP-141811
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal Domestic Assistance Number	Contract	Period	Award Contracted	Expenditure Amount
Department of Health and Human Services:					
Title III Part B - Special Programs for the Aging - Grants for Supportive Services for Aging	93.044	SSP-192005	2020-2021	\$ 2,774	\$ 2,774
Title III OTO Vehicle Equipment	93.045	ENP-162008	2020-2021	170,059	170,059
Titel III Family First Coronavirus Response Act (FFCRA)	93.045	ENP-202107	2020-2021	105,100	105,100
Title IIIC1 Congregate Nutrition	93.045	ENP-202107	2020-2021	240,020	240,020
Title IIIC 2 Home Delivered Meals	93.045	ENP-202107	2020-2021	221,373	221,373
Title IIIC 2 Home Delivered Meals - CDBG	93.045	ENP-202107	2020-2021	15,144	15,144
Title IIIC1 Congregate Nutrition - CARES Act	93.045	ENP-202107	2020-2021	596,190	596,190
Title IIIC 2 Home Delivered Meals - CARES Act	93.045	ENP-202107	2020-2021	26,132	26,132
Title IIIC1 Congregate Nutrition - CARES Act	93.045	ENP-202107	2020-2021	228,993	228,993
Title IIIC 2 Home Delivered Meals - CARES Act	93.045	ENP-202107	2020-2021	174,908	174,908
Title IIIC 2 Home Delivered Meals Emergency - CARES Act	93.045	ENP-202107	2020-2021	3,130	3,130
Subtotal - Department of Health and Human Services				1,783,823	1,783,823
Los Angeles County Metropolitan Transportation Authority:					
Temporary Assistance for Needy Families	93.558	WTW19-001	2020-2021	48,652,343	20,575,703
Older Americans Act:					
NSIP/USDA Title IIIC1	93.053	ENP-202107	2020-2021	27,477	27,477
NSIP/USDA Title IIIC2	93.053	ENP-202107	2020-2021	21,511	21,511
Subtotal - Older Americans Act (Nutritional Services Incentive Program)				48,988	48,988
Total - LA County Contracts ENP-162008, WTW19-001 and SSP-141811				<u>\$ 50,485,154</u>	<u>\$ 22,408,514</u>
Federal Funds - Reconciliation to Schedule of Expenditures of Federal Awards					
Older Americans Act (Department of Agriculture) Fiscal Year Ended 6/30/20				\$ 50,082	
Less: July through September 2020 Expenditures					-
Add: July through September 2021 Expenditures (40291)					-
Older Americans Act (Nutritional Services Incentive Program) Fiscal Year Ended 9/30/20				<u>\$ 50,082</u>	
Department of Health and Human Services Fiscal Year Ended 6/30/20				\$ 701,453	
Less: July Through September 2020 Expenditures					(236,087)
Add: July through September 2021 Expenditures (40291/40128)					241,313
Department of Health and Human Services Fiscal Year Ended 9/30/21				<u>\$ 706,679</u>	

CITY OF INGLEWOOD

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Inglewood, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

c. Indirect Cost Rate

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

d. Loan Programs with Continuing Compliance Requirements

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. Current year transactions relating to these programs are included in the Schedule of Expenditures of Federal Awards. In accordance with 2 CFR section 200.502(b), the balance of loans outstanding at September 30, 2021 are as follows:

<u>CFDA Number</u>	<u>Program Name</u>	Outstanding Balance at September 30, 2021
14.218	CDBG Loans	\$ 1,237,066
14.239	HOME Loans	9,104,982
14.264	Neighborhood Stabilization Program Loans	204,650
		<u>\$ 10,546,698</u>

CITY OF INGLEWOOD

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? yes none reported
- Material weaknesses identified? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? yes none reported
- Material weaknesses identified? yes no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster
20.106	Airport Improvement Program
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B program \$1,736,532

Auditee qualified as low-risk auditee? yes no

CITY OF INGLEWOOD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

Reference Number: 2021-001

Other Permit Category in Accela

Significant deficiency

Criteria:

Establish controls to reduce risk involved with the use of manually created "Other Permits."

Condition:

Formerly Finding 2020-001. During the audit, we noted that the Accela Permit system generates an "Other Permits" category that cannot be restricted to specific controlled calculations, rates, or coding. This causes the permit(s) issued under this category to be susceptible to manual errors or manipulation. Permits and their manual calculations are not reviewed by anyone other than the individual issuing the permit. Reports of other permits issued are generated by management monthly, however, no controls are in place to have the underlying calculations reviewed to ensure permits were issued properly.

Cause:

There is a lack of procedures and controls surrounding the issuance of "Other Permits."

Effect:

"Other Permits" charges are at risk for miscalculation.

Questioned Costs:

Not Applicable

Context:

The City has an "Other Permits" category in Accela that allows for manually calculated permits to be issued.

Repeat Finding:

Yes

Recommendation:

The ideal controls would be to eliminate any manual input for permits, however, if this not possible in Accela, we recommend there should be a secondary review of all manually calculated permits issued.

Management Response and Corrective Action:

Management has reviewed the existing procedures in place surrounding the use of the "Other Permits" category in Accela and will work towards applying best practices when using this category, including proper review of these transactions by Management. The City is also looking into system enhancements.

CITY OF INGLEWOOD

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Reference Number: 2021-002

Failure to Record Grant Program Activity Resulting in Reissuance of Financial Statements
Significant Deficiency

Criteria:

The City failed to report \$20,575,703 in revenues and expenditures relating to the Temporary Assistance for Needy Families program in the annual financial statements.

Condition:

The City was made the Administrative Entity for the South Bay Workforce Investment Area in 2012. As the Administrative Entity, the City is the recipient of a grant from the County of Los Angeles which is passed through to the South Bay Workforce Investment Board (SBWIB), a California nonprofit public benefit corporation. The agreement with the County of Los Angeles provides payments directly to the SBWIB, therefore the City did not receive any cash which would result in transactions being recorded on the general ledger.

Uniform Guidance § 200.331 indicates “the non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.” While the City has had this grant funding for many years, the associated revenues and expenditures related to the grant have never been recorded by the City and they have not been included in the Schedule of Expenditures of Federal Awards because SBWIB was treated as a contractor. The County recently notified the City that they would like SBWIB to be treated as a subrecipient and the federal expenditures be included on the Schedule of Expenditures of Federal Awards. While the grant was included on the Schedule of Expenditures of Federal Awards, the related revenues and expenditures were not properly included in the financial statements, which resulted in a reissuance of the City’s financial statements.

Cause:

Management oversight due to change in personnel and nature of the program agreement.

Effect:

The City did not record revenues and expenditures related to the program totaling \$20,575,703.

Questioned Costs:

Not Applicable

Context:

Due to new unique situation around this program, the revenues and expenditures were not included on the financial statements. The original agreement was signed by the City in 2010 under different management. In addition, the monies related to the program did not pass through the City leading to the oversight.

Repeat Finding:

No

Recommendation:

The City needs to track costs relating to this program to be included on the City’s financial statements in subsequent years. In addition, the City should implement oversight controls to ensure completeness of the SEFA and grant schedules.

CITY OF INGLEWOOD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Management Response and Corrective Action:

Management is now aware of the reporting considerations that the County's request for SBWIB to be considered a subrecipient and will report the revenues and expenditures on the general ledger in future fiscal years. Management continues to expect a \$0 impact on the City's fund balance as a result of this reporting change, as this grant is a reimbursement grant and all expenditures should have the same revenue amount. The City's Finance personnel has taken the necessary efforts and worked closely with the pass-through agency (SBWIB) to monitor, reconcile and prepare the required workbooks to be able to account for this grant accurately. Management will continue to apply best practices in its grant reporting and stay on top of compliance requirements.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number: 2021-003

Late Submission of the Single Audit

Criteria:

Establish controls to reduce risk of late submission of the single audit report.

Condition:

For the current year, due to the confusion with the delayed single audit timelines, the City failed to submit the single audit before the requirement deadline.

Cause:

Single audits for periods ending June 30, 2021 were extended until September 30, 2022, therefore there was a presumption that single audits for periods ending September 30, 2021 would be due after September 30, 2022. However, the deadline was not extended and the City was not made aware of this until just prior to the deadline.

Effect:

The single audit report was not submitted within the deadline.

Questioned Costs:

Not Applicable

Context:

The single audit report was not submitted within the deadline.

Repeat Finding:

No

Recommendation:

The report delay is due to the confusion with the delayed single audit timelines. The City will track dates required for the following fiscal year.

Management Response and Corrective Action:

Management had reconciled and prepared necessary schedules to meet the City's single audit report deadline. The Office of Management and Budget (OMB) memo awarding agencies an automatic six months extension of Single Audit submissions did recess Management's urgency for the audit to be wrapped up prior to June 30, 2022, the City's deadline. Management became aware that the six month extension was granted

CITY OF INGLEWOOD

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

to all recipients with fiscal year ends through June 30, 2021, and that the extension did not appear to apply to entities with fiscal year ends after that, which included the City's September 30, 2021 year end. The late submission is a result of this confusion and not a lack of internal controls or timeliness in reporting. Management reviewed the required dates and will track and prepare for the subsequent single audit report deadline.



CITY OF INGLEWOOD



CITY OF INGLEWOOD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION IV - FINANCIAL STATEMENT FINDINGS

Reference Number: 2020-001

Other Permit Category in Accela

Criteria:

Establish controls to reduce risk involved with the use of manually created "Other Permits."

Condition:

Formerly Finding 2019-001. During the audit, we noted that the Accela Permit system generates an "Other Permits" category that cannot be restricted to specific controlled calculations, rates, or coding. This causes the permit(s) issued under this category to be susceptible to manual errors or manipulation. Permits and their manual calculations are not reviewed by anyone other than the individual issuing the permit. Reports of other permits issued are generated by management monthly, however, no controls are in place to have the underlying calculations reviewed to ensure permits were issued properly.

Cause:

There is a lack of procedures and controls surrounding the issuance of "Other Permits."

Effect:

"Other Permits" charges are at risk for miscalculation.

Questioned Costs:

Not Applicable

Context:

The City has an "Other Permits" category in Accela that allows for manually calculated permits to be issued.

Recommendation:

The ideal controls would be to eliminate any manual input for permits, however, if this not possible in Accela, we recommend there should be a secondary review of all manually calculated permits issued.

Management Response and Corrective Action:

Management has reviewed the existing procedures in place surrounding the use of the "Other Permits" category in Accela and will work towards applying best practices when using this category, including proper review of these transactions by Management. The City is also looking into system enhancements.

Status:

Resolution is still in progress and the item is reported as finding 2021-001 for the fiscal year 2021-22.