

CITY OF INGLEWOOD
Inglewood, California

**Single Audit Report on
Federal Awards**

For the Fiscal Year ended September 30, 2014

CITY OF INGLEWOOD

Single Audit Report on Federal Awards

Year ended September 30, 2014

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Honorable Mayor and City Council
City of Inglewood
Inglewood, California

**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***

Independent Auditor's Report

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, 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 June 30, 2015.

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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City of Inglewood
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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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs, as items 2014-01 through 2014-05 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City of Inglewood's responses to the 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 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 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.

Mayor Holloman McLean P.C.

Irvine, California
June 30, 2015



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949-263-5520 fx
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**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**

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the City of Inglewood's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 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 year ended September 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 2014-011 through 2014-015. 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 response.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned costs as item 2014-01 through 2014-05 to be a material weaknesses.

Honorable Mayor and City Council
City of Inglewood
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the City as of and for the year ended September 30, 2014, and have issued our report thereon dated June 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by

OMB Circular A-133 and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary Schedule of Expenditures of Los Angeles County Grants has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Mayor Hoffman Moran P.C.

Irvine, California
June 30, 2015

CITY OF INGLEWOOD
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended September 30, 2014

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal Domestic Assistance Number</u>	<u>Program Identification Number</u>	<u>Program Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Section 8 Housing Choice Vouchers	14.871	CA082VO	\$ 9,842,758	-
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-06-0520	2,525,488	57,300
Emergency Shelter Grants Program	14.231	E-12-MC-06-0520	277,201	-
Home Investment Partnerships Program	14.239	M-12-MC-06-0516	<u>1,706,345</u>	<u>146,974</u>
Subtotal			<u>14,351,792</u>	<u>204,274</u>
U.S. Department of Justice				
Direct Assistance:				
Asset Forfeiture and Seizure	16.000	n/a	482,483	-
Community Oriented Policing Technology Grants	16.710	2008CKWX0511	5,572	-
Community Oriented Policing-COPS Hiring Recovery Prog Grant	16.710	2009RKWX0119	787,572	-
Justice Assistance Grant	16.738	2011-DJ-BX-2892	<u>68,260</u>	<u>-</u>
Subtotal			<u>1,343,887</u>	<u>-</u>
U.S. Department of Transportation				
Direct Assistance:				
Airport Improvement Program	20.106	3-06-0139-60, 3-06-0139-67	13,626,570	-
Passed-through the California Department of Transportation				
Highway Planning and Construction - Century Blvd	20.205	TILUL-5164(014)	540,055	-
Traffic Sign Replacement Project	20.205	HSIPL-5164(027)	1,011	-
Highway Planning and Construction - La Brea	20.205	DEM04L-5164(028)	551,182	-
Crenshaw Blvd & 84th Street	20.205	HSIPL-5164(025)	264	-
Highway Planning and Construction - ARRA - La Cienega	20.205	ESPL-5164(017)	<u>27,083</u>	<u>-</u>
Subtotal			<u>14,746,165</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed-through from the County of Los Angeles				
Homeland Security Grant Program (UASI)	97.067	DHS-13-GPD-067-000-01	<u>152,154</u>	<u>-</u>
Subtotal			<u>152,154</u>	<u>-</u>
U.S. Department of Health and Human Services				
Pass-through from the County of Los Angeles:				
Special Programs for the Aging Title III				
Part B Grants for Supportive Services and Senior Centers	93.044	ENP-1216-10	622,629	-
Nutrition Services Incentive Program	93.053	AP-1314-19	<u>64,338</u>	<u>-</u>
Subtotal			<u>686,967</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 31,280,965</u>	<u>204,274</u>

n/a - not available

See accompanying notes to the schedule of expenditures of federal awards

CITY OF INGLEWOOD
Schedule of Expenditures
Los Angeles County Grants
AAA-ENP2-0809-011/SSP-1014-12/
For the Fiscal Year Ended September 30, 2014

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal Domestic Assistance Number</u>	<u>Contract</u>	<u>Period</u>	<u>Award Contracted</u>	<u>Amount Expended</u>
U.S. Department of Homeland Security					
Pass through County of Los Angeles					
Homeland security Grant Program (UASI)	97.067			152,154	-
Subtotal				<u>152,154</u>	<u>-</u>
Older Americans Act:					
NSIP/USDA Title IIIC1	93.053	AAA-ENP2- 0809-011	2013-2014	\$ 29,061	28,824
NSIP/USDA Title IIIC2	93.053	AAA-ENP2- 0809-011	2013-2014	35,482	35,513
Subtotal - Older Americans Act (Nutritional Services Incentive Program)				<u>64,543</u>	<u>64,338</u>
Department of Health and Human Services:					
Title IIIC1 Congregate Nutrition	93.045	AAA-ENP2- 0809-011	2013-2014	270,494	268,479
Title IIIC 2 Home Delivered Meals	93.045	AAA-ENP2- 0809-011	2013-2014	289,058	278,609
Title III Part B - Special Programs for the Aging - Grants for Supportive Services and Senior Centers	93.044	40291	2013-2014	4,499	4,260
Grants for Supportive Services for Aging	93.044	SSP-1014-12	2013-2014	70,515	71,280
Title III Part E - National Family Caregiver Support Program	93.052	40218	2009-2010	-	-
Subtotal - Department of Health and Human Services				<u>634,566</u>	<u>622,629</u>
Total - LA County Contracts AAA-ENP2-0809-011 and SSP-1014-12/40291				<u>\$ 699,109</u>	<u>\$ 686,966</u>

Federal Funds - Reconciliation to Schedule of Expenditures of Federal Awards

Older Americans Act (Department of Agriculture) Fiscal Year Ended 6/30/13	\$ 64,543
Less: July through September 2013 Expenditures	(17,581)
Add: July through September 2014 Expenditures (40291)	<u>17,375</u>
Older Americans Act (Nutritional Services Incentive Program) Fiscal Year Ended 9/30/14	<u>\$ 64,337</u>
Department of Health and Human Services Fiscal Year Ended 6/30/14	\$ 634,567
Less: July Through September 2013 Expenditures	(169,202)
Add: July through September 2014 Expenditures (40291/40128)	<u>157,264</u>
Department of Health and Human Services Fiscal Year Ended 9/30/14	<u>\$ 622,629</u>
Department of Health and Human Services Fiscal Year Ended 9/30/13	<u>\$ (11,938)</u>

See accompanying notes to the schedule of expenditures of federal awards

CITY OF INGLEWOOD

Notes to the Schedule of Expenditures of Federal Awards

For the Fiscal Year ended September 30, 2014

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Inglewood that are reimbursable by agencies providing federal assistance. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly 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 recognized when the agency becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipient Expenditures

Payments to subrecipients totaled \$57,300 for the Community Development Block Grant and \$146,974 for the Home Investment Partnerships Program for the fiscal year ended September 30, 2014.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

For the Fiscal Year ended September 30, 2014

(A) Summary of Auditors' Results

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. The audit disclosed five material weaknesses and five significant deficiencies in internal control over financial reporting. They are reported in findings 2014-001 through 2013-005 and 2014-006 through 2014-010 respectively.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. An unmodified opinion was issued by the auditors on compliance for major programs.
5. The audit disclosed five findings required to be reported under paragraph .510(a) of OMB Circular A-133. These are reported in findings 2014-11 through 2014-15.
6. The major programs of the auditee were:
 - U.S. Department of Housing and Urban Development, Section 8 Housing Choice Vouchers, CFDA No. 14.871;
 - U.S. Department of Housing and Urban Development, Home Investment Partnership Program, CFDA No. 14.239;
 - U.S. Department of Housing and Urban Development, Community Development Block Grants/Entitlement Grants, CFDA No. 14.218;
 - U.S. Department of Transportation, Airport Improvement Program, CFDA No. 20.106;
 - U.S. Department of Justice, Community Oriented Policing-COPS Hiring Recovery Program Grant, CFDA No. 16.710
7. The dollar threshold used to distinguish Type A and Type B programs was \$938,429.
8. The auditee did not qualify as a low risk auditee, as defined by OMB Circular A-133, paragraph .530, for the year ended September 30, 2014 for the purpose of determining major programs.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

(2014-001) Adjustments Detected Through the Audit Process

An important element of control over financial reporting is for management to identify adjustments necessary for financial statements to be fairly stated. Whenever possible, adjustments should be reflected in the accounting records prior to the start of the audit. When this is not possible, management should identify and communicate to the auditors the potential areas of adjustment that may need to be addressed during the audit process.

There were material adjustments that were identified during the audit for the year ended September 30, 2014. These material adjustments detected by the audit process included the following: adjustments to correct the accounting for the termination of the Cooperation Agreement, adjustments to correct unearned and unavailable revenue, adjustments to correct interfund transfers and receivables, adjustments to correct activity initially recorded in the wrong fund, adjustments to correct prior period adjustments recorded in error, adjustments to capital assets, adjustments to correct allowance for doubtful accounts, adjustments to correct compensated absences, an adjustment to loans receivable, adjustments to record expenditures in fiscal year 2014 that were paid in fiscal year 2015, a prior period adjustment to record unbilled receivables, an entry to correct land held for resale, an entry to correct wages payable, an entry to correct cash balances.

Recommendation

Auditing standards require the reporting of material adjustments identified through the audit process as weaknesses in an entity's internal control structure. Efforts should be made to enhance the City's year-end closing procedures to include areas that resulted in audit adjustments in 2014.

Management's Response Regarding Corrective Action Taken or Planned

The City recognizes that the general ledger accounts need to be reviewed, analyzed and reconciled on a regular basis, and audit preparation needs to be performed at the end of each fiscal year prior to the arrival of the auditors upon the commencement of the final audit. The Finance Dept. has developed a check list to follow each month to ensure that all postings are being recorded timely. In addition, this check list is being expanded to include timely postings from other system modules in order to help assure all transactions are being recorded timely. All accounts or funds are being assigned to individual staff accountants to reconcile and monitor on a regular basis in order to avoid incorrect postings and to allow for corrections in a timely manner. It

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

has become the department's goal to analyze and reconcile all accounts prior to the month end closing of the general ledger. As the department works towards this common goal, it is anticipated that the financial information reported will be more accurate and timely.

(2014-002) Need for Improved Capital Asset Records

During our testwork over the City's capital asset records for the year ended September 30, 2014, we noted the following items:

- Our testwork revealed that certain assets were recorded in both the Land and Buildings subsidiary ledgers resulting in double counting of assets.
- The value and ownership of certain capital assets recorded in the General Ledger were not in agreement with historical sale and deed information
- The City did not record asset deletions where applicable in relation to current year asset additions.

Recommendation

We recommend that the Finance Department enhance controls over capital asset recordkeeping and review historical purchase and deed records for land to ensure conformity of the General Ledger reporting.

Management's Response Regarding Corrective Action Taken or Planned

The City will review its capital asset policies and procedures and will ensure that there are steps taken to schedule meetings with the Public Works department in order to discuss the status of capital projects so Finance can maintain proper accounting records of the City's assets. This will help determine asset additions and deletions on an annual basis.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

(2014-003) Accounting and Monitoring over Loan Receivables

During our testwork over the City's loans receivable records for the year ended September 30, 2014, we noted the following items:

- Payments were received on First Time Homebuyer Loans for which the City did not have a loan receivable recorded in the General Ledger
- The City had not performed a thorough review of the collectability of Loans Receivable
- Certain loans receivable were recorded in the wrong fund

Recommendation

We recommend that the City We recommend that the City develop and implement a tracking system to properly monitor the accuracy of the outstanding loan portfolio and payments of the loan balances for to prevent a loss in revenue to the City. The City should ensure that all outstanding loans be titled to the City as beneficiary and trustee. We also recommend that the City review and properly monitor its contracts with all outside contracted entities to prevent possible defalcation, abuse or fraud in the accounting for these loans and to perform all of their fiduciary duties under the terms of the grant agreements, OMB requirements and City internal control policies and procedures. We also recommend that the City perform an assessment of collectability of loans receivable at least annually, including a review of financial statement information for residual receipts loans.

Management's Response Regarding Corrective Action Taken or Planned

The CDBG division and the Housing Authority for the City of Inglewood acknowledges the finding and will implement the recommended tracking system to properly monitor the accuracy of the outstanding loan portfolio and payments of the loan balances for both the First Time Homebuyers and the Rehabilitation loan programs to prevent a loss in revenue to the City. The City will also conduct an annual assessment of collectability of loans receivable, including a review of financial statement information for residual receipts loans.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

(2014-004) Review of Fund Structure

Through discussion with the City it was noted that the Affordable Housing Fund was inappropriately recorded as part of the Successor Agency during previous years. This resulted in a prior period adjustment to move this fund out of the SA and into the nonmajor governmental funds. Additionally, there were a number journal entries intended to correct activity recorded in the wrong fund.

Recommendation

We recommend that the City review how funds in the general ledger will consolidate into the Comprehensive Annual Financial Statements. We also recommend that the City review the intended purpose of each fund with employees responsible for coding revenues and expenditures to ensure clarity on the appropriate fund for activities susceptible to improper recording in the General Ledger.

Management's Response Regarding Corrective Action Taken or Planned

City staff will evaluate the fund structure in the current fiscal year with staff.

(2014-005) Journal Entry Review Procedures

During the audit we noted that a number of the correcting entries provided by the City did not correctly resolve underlying misstatements. As a result a number of additional entries were required to correct the underlying financial statement accounts in question.

Recommendation

We recommend the City consider implementing more through Journal Entry review procedures including additional approvers, checklists, and consultation with the Audit Firm regarding unusual or complex entries.

Management's Response Regarding Corrective Action Taken or Planned

The City will enhance procedures to improve the review of the journal entries.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

(2014-006) Monthly Bank and General Ledger Reconciliations

We noted that although bank reconciliations are being completed on a monthly basis, there are material reconciling items that are not being resolved timely.

Recommendation

We recommend that monthly bank reconciliations be completed in a timely manner to ensure that all activity has been properly reconciled to the accounting records. Furthermore, the City should take the necessary steps to process and monitor unresolved reconciling items on a regular basis.

Management's Response Regarding Corrective Action Taken or Planned

Significant reconciling items have been resolved and the City will continue to monitor them on an ongoing basis.

(2014-007) Review of Subsidiary Ledgers in the Eden Accounting Software

During our testwork performed over utility billing accounts receivable and related allowances, and deposits payable we found discrepancies between the accounting system's subsidiary ledgers and amounts reported in the general ledger. By maintaining subsidiary ledgers, documentation could be increased to indicate the payee, and the date due, to allow for enhanced controls over outstanding receivables and payables. It was also noted that the subsidiary ledger was not able to produce an accurate accounts receivable aging report that agreed to the general ledger.

Recommendation

We recommend that the City reconcile the amounts recorded in subsidiary ledgers to the amounts recorded in the general ledger to ensure that the amounts are in agreement.

Management's Response Regarding Corrective Action Taken or Planned

The City will reconcile the amounts recorded in subsidiary ledgers to the amounts recorded in the general ledger to ensure the amounts agree. In addition, further work on the utility billing subsidiary ledger is currently in progress in the current fiscal year.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

(2014-008) Disposition of Discontinued PARS Plan

As of September 30, 2014, the City had funds set aside from a prior PARS plan that was terminated several years ago at the time the current PARS plan was created. The City has yet to determine if these funds need to be distributed to plan participants.

Recommendation

We recommend the City review the origination of these funds and seek legal counsel as to the process for making any necessary distributions.

Management's Response Regarding Corrective Action Taken or Planned

The City's legal department is currently reviewing this plan in order to determine if any distributions are necessary, and if so, what additional steps if any are required at this time.

(2014-009) Compliance Requirements of SB 341

Senate Bill 341 requires that the City report certain information on the City's website regarding the Housing Successor, however this information was not posted in a timely manner. It is unclear to the extent with which the City has complied with spending limitations prescribed by SB 341.

Recommendation

We recommend the City review Senate Bill 341 and ensure its compliance with all provisions at least annually. The City should also investigate whether the housing successor has exceeded certain spending limitations prescribed by SB 341.

Management's Response Regarding Corrective Action Taken or Planned

The City will review Senate Bill 341 to ensure compliance with all provisions is maintained at least annually. Staff is currently reviewing expenditures of the housing successor in order to determine if certain spending limitations have been exceeded as prescribed in SB 341.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS, (Continued)

(2014-010) Retention of Documentation

During the audit we requested an agreement related to the South Bay Realignment from to satisfy certain audit procedures, however the City was unable to locate the document.

Recommendation

We recommend that the City develop and implement procedures necessary to ensure that all significant financial agreements are retained.

Management's Response Regarding Corrective Action Taken or Planned

The City will develop and implement procedures to ensure that all significant financial agreements are retained.

(C) Findings and Questioned Costs for Federal Awards

(2014-011) Community Development Block Grants/Entitlement Grants – Reporting

Federal Agency: Department of Housing and Urban Development

CFDA No.: 14.218

Federal Program Income: Community Development Block Grants/Entitlement Grants

Federal Award Program No.: B-12-MC-06-0520

Federal Award Year: 2014

Control Category: Reporting

Questioned Costs: \$0

Program requirements state that for prime contracts awarded in amounts equal to or greater than \$25,000, the City must report the disbursements under the guidelines of the Federal Funding Accountability and Transparency Act (Transparency Act).

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(C) Findings and Questioned Costs for Federal Awards

During our testwork performed over the City's compliance with reporting requirements related to the Community Development Block Grant (CDBG), we found that for the fiscal year ended September 30, 2014, the City had not been reporting major disbursements under the Transparency Act. These reports are required to be submitted by the City to the Department of Housing and Urban Development and the Federal Government.

Recommendation

We recommend that the City improve their controls to ensure that all grant reporting requirements are complied with.

Management's Response Regarding Corrective Action Taken or Planned

The CDBG Division for the City of Inglewood will improve its controls to ensure that all grant reporting requirements are complied with in accordance with the Federal Funding Accountability and Transparency Act (Transparency Act).

(2014-012) Community Development Block Grants/Entitlement Grants – Procurement

Federal Agency: Department of Housing and Urban Development

CFDA No.: 14.218

Federal Program Income: Community Development Block Grants/Entitlement Grants

Federal Award Program No.: B-12-MC-06-0520

Federal Award Year: 2014

Control Category: Procurement

Questioned Costs: \$0

The program requires that the City perform a review of the Excluded Parties List System (EPLS) to ensure that the prospective contractors' licenses have not been suspended or debarred. We noted that for one of the contractors used for CDBG projects, the City did not perform a review of the EPLS until after the contract was awarded.

Recommendation

We recommend that the City develop and implement procedures necessary to ensure that the EPLS is reviewed for all prospective contractors prior to awarding a contract.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(C) Findings and Questioned Costs for Federal Awards

Management's Response Regarding Corrective Action Taken or Planned

The CDBG Division for the City of Inglewood will improve its controls to ensure that all grant reporting requirements are complied with and to perform a review of the EPLS for all prospective contractors prior to awarding a contract.

(2014-013) Home Investment Partnerships Program – Reporting

Federal Agency: Department of Housing and Urban Development

CFDA No.: 14.239

Federal Program Income: Home Investment Partnerships Program

Federal Award Program No.: M-12-MC-06-0516

Federal Award Year: 2014

Control Category: Procurement, Suspension and Debarment

Questioned Costs: \$0

Program requirements state that for subawards awarded in amounts equal to or greater than \$25,000, the City must report the disbursements under the guidelines of the Federal Funding Accountability and Transparency Act (Transparency Act).

During our testwork, we found that for the fiscal year ended September 30, 2014, the City did not report its subawards as required by the Transparency Act.

Recommendation

We recommend that the City improve their controls to ensure that all grant reporting requirements are complied with.

Management's Response Regarding Corrective Action Taken or Planned

The CDBG Division for the City of Inglewood will improve its controls to ensure that all grant reporting requirements are complied with in accordance with the Federal Funding Accountability and Transparency Act (Transparency Act).

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(C) Findings and Questioned Costs for Federal Awards

(2014-014) Section 8 Housing Choice Voucher Program – Waitlist Admissions

Federal Agency: Department of Housing and Urban Development

CFDA No.: 14.871

Federal Program Income: Section 8 Housing Choice Vouchers

Federal Award Program No.: CA082VO

Federal Award Year: 2014

Control Category: Special Tests and Provisions

Questioned Costs: \$0

24 CFR 928.202 (d) states that The PHA must admit applicants for participation in accordance with HUD regulations and other requirements, including, but not limited to, 24 CFR part 5, subpart L, protection for victims of domestic violence, dating violence, or stalking, and with PHA policies stated in the PHA administrative plan and the PHA plan. The PHA admission policy must state the system of admission preferences that the PHA uses to select applicants from the waiting list, including any residency preference or other local preference.

During our testing we noted during our testing of the waitlist that the IHA admitted 24 eligible families facing loss of federal aid as a result of lack of funding from other HUD programs to the Section 8 program prior to amending the administrative plan to allow for special admissions.

Recommendation

We recommend that the City improve their controls to ensure that actions that are taken that as part of the Housing Choice Voucher program be in accordance with Federal guidelines, the Housing Authority's policies and that those policies be approved by the governing body.

Management's Response Regarding Corrective Action Taken or Planned

The City will ensure that the administrative plan to allow for special admissions is properly amended before allowing special admissions.

CITY OF INGLEWOOD

Schedule of Findings and Questioned Costs

(Continued)

(C) Findings and Questioned Costs for Federal Awards

(2014-015)Community Oriented Policing-COPS Hiring Recovery Program Grant – Allowable Costs

Federal Agency: Department of Justice

CFDA No.: 16.710

Federal Program Income: Community Oriented Policing-COPS Hiring Recovery Program Grant

Federal Award Program No.: 2009RKWX0119

Federal Award Year: 2009

Control Category: Allowable Activities & Allowable Costs

Questioned Costs: \$96,742

Per the Part 4 of the Compliance Supplement, Section (A) Activities Allowed or Unallowed, this grant may have expenditures for programs, projects, and other activities related to:

- a) Hire and train new, additional career law enforcement officers for deployment into community-oriented policing.
- b) Rehire law enforcement officers who have been laid off or who are scheduled to be laid off on a specific future date as a result of State, local and/or tribal budget reductions for financial reasons unrelated to the availability of COPS grant funds for redeployment into community-oriented policing.

During our testwork performed over payroll expenditures we noted that one employee charged under the program that was not originally budgeted and approved by the granting agency and also, the employee charged had not been laid off and/or threatened with a layoff in accordance with the Grant requirements. Additionally, six employees had charges greater than the maximum salary limit chargeable to the grant.

Recommendation

We recommend that the City improve their controls and correct this error to ensure that the appropriate approved employees are being charged to the federal program.

Management's Response Regarding Corrective Action Taken or Planned

The Police Department grants coordinator will be working with the Finance Department to ensure the proper employees and allowable expenses are charged against the grant.

CITY OF INGLEWOOD

Summary Schedule of Prior Audit Findings

September 30, 2014

The following is the status of prior audit findings for the year ended September 30, 2013:

(2013-01) Adjustments Detected Through the Audit Process

Matter was not resolved and therefore was repeated as a current year finding. See accompanying Schedule of Findings and Questioned Costs as item 2014-001.

(2013-02) Need for Improved Capital Asset Records

Matter was not resolved and therefore was repeated as a current year finding. See accompanying Schedule of Findings and Questioned Costs as item 2014-002.

(2013-03) Wire Transfers Segregation of Duties

This finding is considered resolved.

(2013-04) Need for Improved Accounting and Monitoring over First Time Home Buyer and Rehabilitation Loans

Matter was not resolved and therefore was repeated as a current year finding. See accompanying Schedule of Findings and Questioned Costs as item 2014-003.

(2013-05) Section 8 Vouchers Program – Housing Quality Standard Inspections

This finding is considered resolved.

(2013-06) Community Development Block Grants/Entitlement Grants – Allowable Costs – Payroll Expenditures

This finding is considered resolved.

(2013-07) Community Development Block Grants/Entitlement Grants – Reporting

Matter was not resolved and therefore was repeated as a current year finding. See accompanying Schedule of Findings and Questioned Costs as item 2014-011.

(2013-08) Home Investment Partnerships Program – Allowable Costs – Payroll Expenditures

This finding is considered resolved.

(2013-09) Home Investment Partnerships Program – Housing Quality Standard Inspections

CITY OF INGLEWOOD

Summary Schedule of Prior Audit Findings

(Continued)

This finding is considered resolved.

(2013-10) Home Investment Partnerships Program – Reporting

Matter was not resolved and therefore was repeated as a current year finding. See accompanying Schedule of Findings and Questioned Costs as item 2014-013.

(2013-11) Home Investment Partnerships Program – Eligibility

This finding is considered resolved.

(2013-12) Community Oriented Policing-COPS Hiring Recovery Program Grant – Allowable Costs

Matter was not resolved and therefore was repeated as a current year finding. See accompanying Schedule of Findings and Questioned Costs as item 2014-015.

(2013-13) Airport Improvement Program – Reporting

This finding is considered resolved.