

CITY OF LOS ANGELES, CALIFORNIA

Single Audit Reports

For the Fiscal Year Ended June 30, 2019

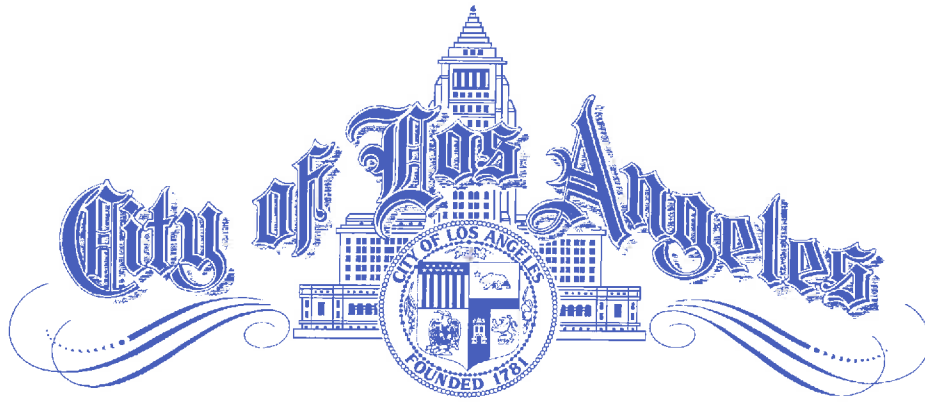


Certified
Public
Accountants

CITY OF LOS ANGELES, CALIFORNIA
Single Audit Reports
For the Fiscal Year Ended June 30, 2019

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RON GALPERIN
CONTROLLER

March 25, 2020

INTRODUCTION TO THE ORGANIZATION OF THE CITY OF LOS ANGELES

The City of Los Angeles (City) was incorporated in 1850 under the provisions of a City Charter. The current Charter was approved by the electorate on June 8, 1999 and became effective on July 1, 2000. The City's organizational structure provides for a decentralized operation. For single audit purposes in accordance with the Uniform Guidance, the City reports as five separate entities to reflect this structure. These entities include: (1) General Government; (2) Department of Airports; (3) Harbor Department; (4) Department of Water and Power; and (5) Housing Authority of the City of Los Angeles. All five entities are responsible for arranging an annual financial audit. If they receive Federal assistance, they also arrange for single audits and submit the resulting reports to the U.S. Bureau of the Census.

The General Government entity is under the control and management of the Mayor and City Council. Services provided by this entity are delineated in the City Charter and Administrative Code. The remaining four entities are independent of direct Mayor and City Council control and management.

The Department of Airports, Harbor Department, and Department of Water and Power are independent Charter departments headed by citizen commissions appointed by the Mayor and confirmed by the City Council. These departments have control of their own funds and revenue. They establish their own budgets, set their rates subject to City Council review and approval, sell revenue bonds, and have required audits performed.

The Housing Authority of the City of Los Angeles is an entity established as a result of Federal/State law provisions and is headed by a City commission.

**INTRODUCTION TO THE ORGANIZATION OF THE
CITY OF LOS ANGELES**

March 25, 2020

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The City prepares and issues a Comprehensive Annual Financial Report (CAFR) that contains the Basic Financial Statements. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) for State and local governments. For GAAP reporting purposes, the City's reporting entity includes three of the four independent entities. The Housing Authority is fiscally independent of the City and therefore excluded from the City's reporting entity.

The General Government's auditor performs financial and single audits of the General Government, while the financial and any required single audits of the other entities are performed by their respective auditors.

The City's CAFR (which includes the basic financial statements) and the Schedule of Expenditures of Federal Awards (SEFA) with required single audit reports for the fiscal year ended June 30, 2019 are issued as separate documents. Copies of both the CAFR and the SEFA, with the required single audit reports, are submitted to the Federal Audit Clearinghouse, U.S. Bureau of the Census, and the State Controller.

The attachment provides summary information on each of the five Single Audit reporting entities of the City. A brief description of the functions of each of these entities is included.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Galperin". The signature is fluid and cursive, with a long horizontal stroke at the end.

RON GALPERIN
City Controller

Attachment

STATUS OF THE FISCAL YEAR 2018-2019 SINGLE AUDIT**1. GENERAL GOVERNMENT**

- Responsible for providing for the health, welfare and public safety of the City including police, fire, public works, building inspections and issuance of permits, City planning, libraries and recreation and parks under the authority of the City Charter.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2018-2019 Budget: \$9,899,768,000
- Fiscal Year 2018-2019 Federal Award Expenditures: \$508,381,000
- Fiscal Year 2018-2019 Balance of Outstanding Loans of Federal Funds under Loan Guarantee Program: \$116,803,000
- Fiscal Year 2018-2019 Financial Audit: Completed
- Fiscal Year 2018-2019 Single Audit: Completed
- Federal Cognizant Agency for Audit: Department of Housing and Urban Development
- Auditor: Macias Gini & O'Connell LLP

2. DEPARTMENT OF AIRPORTS

- Responsible for the management, supervision and control of the City's airports and airport facilities. Controls its own funds, establishes its own budget and sets rates subject to City Council review. Governed by a Board of Commissioners appointed by the Mayor and confirmed by the City Council.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2018-2019 Budget: \$7,044,996,000
- Fiscal Year 2018-2019 Federal Award Expenditures: \$21,472,000
- Fiscal Year 2018-2019 Financial Audit: Completed
- Fiscal Year 2018-2019 Single Audit: Completed
- Federal Cognizant Agency for Audit: Department of Transportation
- Auditor: Moss Adams LLP

**STATUS OF THE FISCAL YEAR 2018-2019 SINGLE AUDIT
(Continued)**

3. HARBOR DEPARTMENT

- Responsible for the management, supervision, and control of the Port of Los Angeles. Provides for the needs of maritime commerce, navigation, and marine recreations for the citizens of California. Constructs and maintains its own facilities and controls its own funds in accordance with the Charter and State of California Tidelands Trust. Governed by a Board of Commissioners appointed by the Mayor and confirmed by the City Council.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2018-2019 Budget: \$1,332,240,000
- Fiscal Year 2018-2019 Federal Award Expenditures: \$1,529,000
- Fiscal Year 2018-2019 Financial Audit: Completed
- Fiscal Year 2018-2019 Single Audit: Completed
- Federal Oversight Agency for Audit: Department of Homeland Security
- Auditor: Macias Gini & O'Connell LLP

**STATUS OF THE FISCAL YEAR 2018-2019 SINGLE AUDIT
(Continued)**

4. HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

- Responsible for the elimination of unsafe and unsanitary dwelling units in the City to protect the health and safety of the inhabitants and to develop and administer low-rent housing projects within the City limits. Established by the City Council in accordance with the California Health and Safety Code (Section 34200 et seq.) and Section 8 of the Federal Housing Act of 1937. Prepares its own budget for the approval by the Board of Housing Authority Commissioners and forwards it to the U.S. Department of Housing and Urban Development for approval in accordance with Federal guidelines. Employs personnel not included in the classified Civil Service established by the Charter and participates in the State Public Employees Retirement System.

- Fiscal Year: January 1 to December 31

- Fiscal Year 2018 Budget: \$1,323,050,000

- Fiscal Year 2019 Budget: \$1,380,560,000

- Fiscal Year 2018 Federal Award Expenditures: \$1,227,146,000

- Fiscal Year 2019 Federal Award Expenditures: \$1,310,808,000 (Unaudited)

- Fiscal Year 2018 Financial and Single Audits: Completed

- Fiscal Year 2019 Financial and Single Audits: In Process

- Federal Cognizant Agency for Audit: Department of Housing and Urban Development

- Auditor: Macias Gini & O'Connell LLP

**STATUS OF THE FISCAL YEAR 2018-2019 SINGLE AUDIT
(Continued)**

5. DEPARTMENT OF WATER AND POWER

- Responsible for supplying the City and its inhabitants with water and electric energy by constructing, operating, and maintaining facilities located throughout the City and Inyo and Mono counties. Governed by a Board of Commissioners appointed by the Mayor and confirmed by the City Council. Controls its own funds, establishes its own budget and sets rates, subject to Council approval.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2018-2019 Budget:
 - \$2,581,371,000 (Water System)
 - \$5,935,506,000 (Power System)
- Fiscal Year 2018-2019 Federal Award Expenditures:
 - \$46,840,000 (Water System)
 - \$85,000 (Power System)
- Fiscal Year 2018-2019 Financial Audit: Completed
- Fiscal Year 2018-2019 Single Audit:
 - Water System: Completed
 - Power System: Not subject to Single Audit in Fiscal Year 2018-19
- Federal Oversight Agencies for Audit:
 - Environmental Protection Agency (Water System)
- Auditor: KPMG LLP



**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

The Honorable Members of the City Council
City of Los Angeles, California

We have audited, in accordance with 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 Los Angeles, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the following City departments/funds: Los Angeles World Airports (Airports), Department of Water and Power (DWP) Water System and Power System, Los Angeles Fire and Police Pension System (Pensions), Los Angeles City Employees' Retirement System (LACERS), and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plans (DWP Plans) as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the DWP Plans were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Los Angeles, California
January 30, 2020



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance, the
Supplementary Schedule of Expenditures of Federal and State Awards Granted
by the California Department of Aging, the Community Services Block Grant
Supplementary Schedules of Revenue and Expenditures, and the Supplementary
Schedule of Expenditures of Selected State Financial Assistance**

The Honorable Members of the City Council
City of Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the City of Los Angeles, California’s (City), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

The City’s basic financial statements include the operations of the Department of Airports (Airports), Harbor Department (Harbor), and the Department of Water and Power (DWP), which expended \$21,472,000, \$1,529,000, and \$46,925,000, respectively, in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of these departments. We were engaged to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and report on the results separately to the Harbor. The Airports and DWP engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the City’s compliance.

Basis for Qualified Opinion on the Fire Management Assistance Grant Program

As described in finding number 2019-010 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding the following:

Finding No.	CFDA No.	Program Name	Compliance Requirement
2019-010	97.046	Fire Management Assistance Grant	Allowable Costs/Cost Principles

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on the Fire Management Assistance Grant Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CFDA No. 97.046 Fire Management Assistance Grant for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009 and 2019-011. 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 response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-005, 2019-006, 2019-008, and 2019-010 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003, 2019-004, 2019-007, 2019-009, and 2019-011 to be significant deficiencies.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, the Supplementary Schedule of Expenditures of Federal and State Awards Granted by the California Department of Aging, the Community Services Block Grant Supplementary Schedules of Revenue and Expenditures, and the Supplementary Schedule of Expenditures of Selected State Financial Assistance

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 fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 30, 2020, 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, the supplementary schedule of expenditures of federal and state awards granted by the California Department of Aging, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of selected state financial assistance (Schedules) are presented for purposes of additional analysis as required by the Uniform Guidance, the California Department of Aging, the California Department of Community Services and Development, and the California Department of Alcoholic Beverage Control, respectively, and are 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 basic 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 Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Los Angeles, California
March 25, 2020

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
<u>DEPARTMENT OF AGRICULTURE</u>						
Recreation and Parks	State of California - Department of Education	Summer Food Service Program for Children	10.559	19-81909V	\$ 720,000	\$ --
Aging	California Department of Food and Agriculture	Senior Farmers Market Nutrition Program	10.576	7CA810CA4	90,000	90,000
TOTAL FOR DEPARTMENT OF AGRICULTURE					810,000	90,000
<u>DEPARTMENT OF DEFENSE</u>						
Police	Direct	Donations/Loans of Obsolete DOD Property	12.700	Unknown	48,000	--
TOTAL FOR DEPARTMENT OF DEFENSE					48,000	--
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Housing and Community Investment	Direct	Community Development Block Grants/Entitlement Grants (Note 7)	14.218	B-18-MC-06-0523 and Prior Awards B-08-MN-06-0512 B-11-MN-06-0512	61,582,000 1,131,000 (2,000), [1]	21,149,000 74,000 --
<i>Subtotal 14.218</i>					<u>62,711,000</u>	<u>21,223,000</u>
Housing and Community Investment	Direct	Emergency Solutions Grant Program	14.231	E-18-MC-06-0523 and Prior Awards	3,500,000	3,367,000
Housing and Community Investment	Direct	HOME Investment Partnerships Program (Note 7)	14.239	M-18-MC-06-0519 and Prior Awards	31,544,000	--
Housing and Community Investment	Direct	Housing Opportunities for Persons with AIDS (Note 7)	14.241	CA-H15-0003 CA-H18-F005 and Prior Awards	489,000 19,903,000	489,000 15,753,000
<i>Subtotal 14.241</i>					<u>20,392,000</u>	<u>16,242,000</u>
Economic and Workforce Development	Direct	Community Development Block Grants - Section 108 Loan Guarantees (Note7)	14.248	B-11-MC-06-0523-B and Prior Awards	126,403,000	--
Housing and Community Investment	Direct	ARRA - Neighborhood Stabilization Program (Note 7)	14.256	B-09-LN-CA-0046	1,986,000	120,000

[1] The credit balance represents an overpayment of salary costs in the prior fiscal year.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Housing and Community Investment	Direct	Lead Hazard Reduction Demonstration Grant Program	14.905	CALHD0262-14	\$ 10,000	\$ --
TOTAL FOR DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					246,546,000	40,952,000
<u>DEPARTMENT OF THE INTERIOR</u>						
City Planning	State Department of Parks & Recreation	Historic Preservation Fund Grants-In-Aid	15.904	P17AF00014 P18AF00112	22,000 25,000	-- --
<i>Subtotal 15.904</i>					<u>47,000</u>	<u>--</u>
TOTAL FOR DEPARTMENT OF THE INTERIOR					47,000	--
<u>DEPARTMENT OF JUSTICE</u>						
Police	Direct	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	SW-CAC-1209 SW-CAC-1233 SW-CAC-1298 SW-CAC-1393 SW-CAC-1365 92R31600 Unknown	3,000 3,000 4,000 15,000 4,000 359,000 9,000	-- -- -- -- -- -- --
<i>Subtotal 16.004</i>					<u>397,000</u>	<u>--</u>
Mayor	Direct	Community-Based Violence Prevention Program	16.123	2012-PB-FX-K0003 2016-MU-MU-K003	252,000 232,000	171,000 199,000
<i>Subtotal 16.123</i>					<u>484,000</u>	<u>370,000</u>
Police	Direct	Law Enforcement Assistance - FBI Advanced Police Training	16.300	415-LA-A1509676-R 305A-LA-C247329-CE-1 305A-LA-C247329 Unknown 166E-LA-140751-CRA 281E-LA-A2472302 28IN-LA-229465	114,000 1,000 11,000 33,000 505,000 25,000 16,000	-- -- -- -- -- -- --
<i>Subtotal 16.300</i>					<u>705,000</u>	<u>--</u>
Police	Direct	Services for Trafficking Victims	16.320	2015-VT-BX-K058	15,000	--
Mayor	Direct	Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	2016-FW-AX-K002	100,000	45,000
Police	Direct	Missing Children's Assistance	16.543	2015-MC-FX-K007 2018-MC-FX-K037	401,000 148,000	-- --

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)</u>		<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
			<u>NUMBER</u>				
Police	State of California - Office of Emergency Services	Missing Children's Assistance	16.543		IC17 09 7250	\$ 131,000	\$ --
					IC18 10 7250	9,000	--
		<i>Subtotal 16.543</i>				689,000	--
Police	Direct	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		334D-LA-259761	127,000	--
City Attorney	County of Los Angeles	Crime Victim Assistance	16.575		VW16350190	597,000	--
					VW18370190	1,249,000	--
City Attorney	State of California - Office of Emergency Services	Crime Victim Assistance	16.575		XC16 01 7250	2,113,000	710,000
					UV16 02 7250	63,000	--
					UV18 03 7250	95,000	--
Mayor	State of California - Office of Emergency Services	Crime Victim Assistance	16.575		KU18 01 7250	7,000	--
					<i>Subtotal 16.575</i>		
Mayor	Direct	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		2016-SI-AX-K005	210,000	--
					2017-WE-AX-0003	319,000	--
		<i>Subtotal 16.590</i>				529,000	--
Police	Direct	Corrections -Technical Assistance/ Clearinghouse	16.603		JLEO-18-0045	106,000	--
Police	Direct	Public Safety Partnership and Community Policing Grants	16.710		2014CKWX0004	15,000	--
					2016ULWX0051	1,074,000	--
		<i>Subtotal 16.710</i>				1,089,000	--
Police	Direct	Special Data Collections and Statistical Studies	16.734		2016-FU-CX-K058	8,000	--
Police	Direct	Edward Byrne Memorial Justice Assistance Grant Program	16.738		2016-DG-BX-0013	496,000	--
					2016-DG-BX-K051	229,000	--
Mayor	Direct	Edward Byrne Memorial Justice Assistance Grant Program	16.738		2014-DJ-BX-0235	85,000	83,000
					2015-DJ-BX-0302	471,000	411,000
					2016-DJ-BX-0246	470,000	409,000
					2017-DJ-BX-0337	390,000	390,000
		<i>Subtotal 16.738</i>				2,141,000	1,293,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)</u>		<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
			<u>NUMBER</u>	<u>NUMBER</u>			
Police	Direct	DNA Backlog Reduction Program	16.741		2016-DN-BX-0136 2017-DN BX-0126	\$ 525,000 296,000	\$ -- --
		<i>Subtotal 16.741</i>				<u>821,000</u>	<u>--</u>
Police	State of California - Office of Emergency Services	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		CQ17 14 7250	<u>88,000</u>	<u>--</u>
Police	Direct	Edward Byrne Memorial Competitive Grant Program	16.751		2009-DG-BX-0118	<u>75,000</u>	<u>--</u>
Police	Direct	Economic High-Tech and Cyber Crime Prevention	16.752		2016-ZP-BX-0006 2017-ZP-BX-0005	16,000 <u>191,000</u>	-- <u>--</u>
		<i>Subtotal 16.752</i>				<u>207,000</u>	<u>--</u>
Economic and Workforce Development	Direct	Second Chance Act Reentry Initiative	16.812		2017-CZ-BX-0029	<u>333,000</u>	<u>80,000</u>
City Attorney	Direct	Equitable Sharing Program	16.922		Unknown	2,000	--
Police	Direct	Equitable Sharing Program	16.922		Unknown	<u>2,344,000</u>	<u>--</u>
		<i>Subtotal 16.922</i>				<u>2,346,000</u>	<u>--</u>
TOTAL FOR DEPARTMENT OF JUSTICE						<u>14,384,000</u>	<u>2,498,000</u>
<u>DEPARTMENT OF LABOR</u>							
Aging	State of California- Department of Aging	Senior Community Service Employment Program	17.235		TV-1617-25	<u>1,502,000</u>	<u>--</u>
Economic and Workforce Development	State of California- Employment Development Department	WIOA Adult Program Cluster with CFDA Nos. 17.259 and 17.278	17.258		K7102035 K8100639 K9110016	254,000 2,384,000 10,368,000	-- 1,836,000 7,017,000
Economic and Workforce Development	County of Los Angeles - Workforce Development, Aging and Community Services Department ("WDACS")	WIOA Adult Program Cluster with CFDA Nos. 17.259 and 17.278	17.258		IA-0114	<u>129,000</u>	<u>114,000</u>
		<i>Subtotal 17.258</i>				<u>13,135,000</u>	<u>8,967,000</u>
Economic and Workforce Development	State of California- Employment Development Department	WIOA Youth Activities Cluster with CFDA Nos. 17.258 and 17.278	17.259		K8100639 K9110016 AD11011	4,000 9,983,000 3,619,000	-- 8,648,000 --

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

FEDERAL GRANTOR/ CITY DEPARTMENT	PASS THROUGH GRANTOR	PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER	GRANT/PASS THROUGH NUMBER	EXPENDITURES	SUBRECIPIENTS
Economic and Workforce Development	County of Los Angeles - Workforce Development, Aging and Community Services Department ("WDACS")	WIOA Youth Activities Cluster with CFDA Nos. 17.258 and 17.278	17.259	IA-0114	\$ 24,000	\$ 18,000
		<i>Subtotal 17.259</i>			<u>13,630,000</u>	<u>8,666,000</u>
Economic and Workforce Development	State of California- Employment Development Department	WIOA Dislocated Worker Formula Grants Cluster with CFDA Nos. 17.258, 17.259	17.278	K7102035 K8100639 K9110016	460,000 1,776,000 7,485,000	417,000 141,000 4,711,000
Economic and Workforce Development	County of Los Angeles - Workforce Development, Aging and Community Services Department ("WDACS")	WIOA Dislocated Worker Formula Grants Cluster with CFDA Nos. 17.258, 17.259		IA-0114	42,000	35,000
		<i>Subtotal 17.278</i>			<u>9,763,000</u>	<u>5,304,000</u>
		<i>Subtotal WIOA Cluster (17.258, 17.259, 17.278)</i>			<u>36,528,000</u>	<u>22,937,000</u>
Economic and Workforce Development	Direct	Reentry Employment Opportunities	17.270	YF-30746-17-60-A-37	442,000	237,000
Economic and Workforce Development	State of California- Employment Development Department	WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	K9110016 K9110016	348,000 7,000	347,000 4,000
		<i>Subtotal 17.277</i>			<u>355,000</u>	<u>351,000</u>
Economic and Workforce Development	Direct	Workforce Innovation Fund	17.283	IF-26348-14-60-A-6	859,000	747,000
Economic and Workforce Development	State of California- Employment Development Department	Hurricanes and Wildfires of 2017 Supplemental - National Dislocated Worker Grants	17.286	K8100639 K9110016	1,000,000 665,000	1,000,000 501,000
		<i>Subtotal 17.286</i>			<u>1,665,000</u>	<u>1,501,000</u>
TOTAL FOR DEPARTMENT OF LABOR					<u>41,351,000</u>	<u>25,773,000</u>
<u>DEPARTMENT OF TRANSPORTATION</u>						
Public Works	State of California - Department of Transportation	Highway Planning and Construction	20.205	Various	54,039,000	--
Transportation	State of California - Department of Transportation	Highway Planning and Construction	20.205	Various	18,794,000	--
		<i>Subtotal 20.205</i>			<u>72,833,000</u>	<u>--</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

FEDERAL GRANTOR/ CITY DEPARTMENT	PASS THROUGH GRANTOR	PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)		GRANT/PASS THROUGH NUMBER	EXPENDITURES	SUBRECIPIENTS
			NUMBER	NUMBER			
Transportation	Los Angeles County Metropolitan Transportation Authority (LACMTA)	Federal Transit - Capital Investment Grants Cluster with CFDA No. 20.507	20.500		CA-03-0815/ MOU-WBRTLADOT	\$ 3,572,000	\$ --
Public Works	Los Angeles County Metropolitan Transportation Authority (LACMTA)	Federal Transit - Formula Grants Cluster with CFDA No. 20.500	20.507		CA-2016-025-00	362,000	--
Transportation	Direct	Federal Transit - Formula Grants Cluster with CFDA No. 20.500	20.507		CA-90-Y675-01 CA-90-Y304-00 CA-90-Z131-00	4,381,000 2,188,000 3,389,000	- -- --
		<i>Subtotal 20.507</i>				<u>10,320,000</u>	<u>--</u>
		<i>Subtotal Federal Transit Cluster (20.500, 20.507)</i>				<u>13,892,000</u>	<u>--</u>
Transportation	Direct	Clean Fuels	20.519		CA-58-0012-00	<u>137,000</u>	<u>--</u>
Housing and Community Investment	State of California - Office of Traffic Safety	State and Community Highway Safety Cluster with CFDA No. 20.616	20.600		PS18017 PS19011	105,000 149,000	29,000 7,000
Police	State of California - Office of Traffic Safety	State and Community Highway Safety Cluster with CFDA No. 20.616	20.600		PT18063 PT19062	642,000 824,000	-- --
		<i>Subtotal 20.600</i>				<u>1,720,000</u>	<u>36,000</u>
Housing and Community Investment	State of California- Office of Traffic Safety	National Priority Safety Programs Cluster with CFDA No. 20.600	20.616		OP18012 OP19007	3,000 72,000	-- --
Police	State of California- Office of Traffic Safety	National Priority Safety Programs Cluster with CFDA No. 20.600	20.616		PT18063 PT19062 TR18007	120,000 177,000 4,593,000	-- -- --
City Attorney	State of California - Office of Traffic Safety	National Priority Safety Programs Cluster with CFDA No. 20.600	20.616		DI18016 DI19005	78,000 430,000	-- --
		<i>Subtotal 20.616</i>				<u>5,473,000</u>	<u>--</u>
		<i>Subtotal Highway Safety Cluster (20.600, 20.616)</i>				<u>7,193,000</u>	<u>36,000</u>
Police	State of California- Office of Traffic Safety	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		PT18063 PT19062	1,229,000 1,653,000	-- --
		<i>Subtotal 20.608</i>				<u>2,882,000</u>	<u>--</u>
TOTAL FOR DEPARTMENT OF TRANSPORTATION						<u>96,937,000</u>	<u>36,000</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
<u>DEPARTMENT OF THE TREASURY</u>						
Police	Direct	Equitable Sharing Program	21.000	Unknown	\$ 544,000	\$ --
Police	Direct	Taxpayer Service	21.003	Unknown	51,000	--
TOTAL FOR DEPARTMENT OF THE TREASURY					595,000	--
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>						
Cultural Affairs	Direct	Promotion of the Arts - Grants to Organizations and Individuals	45.024	15-4292-7100 00019875 1830688-62-18	15,000 3,000 48,000	-- -- --
<i>Subtotal 45.024</i>					66,000	--
TOTAL FOR NATIONAL ENDOWMENT FOR THE ARTS					66,000	--
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>						
Library	Direct	Grants to States	45.310	LG-95-170079-17	4,000	--
TOTAL FOR INSTITUTE OF MUSEUM AND LIBRARY SERVICES					4,000	--
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Public Works	Direct	Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-99T09601-0	235,000	--
TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY					235,000	--
<u>DEPARTMENT OF ENERGY</u>						
Public Works	Direct	Conservation Research and Development	81.086	DE-EE0007430	51,000	--
TOTAL FOR DEPARTMENT OF ENERGY					51,000	--
<u>DEPARTMENT OF EDUCATION</u>						
Economic and Workforce Development	Direct	Performance Partnership Pilots for Disconnected Youth	84.420	V420A150023	289,000	--
TOTAL FOR DEPARTMENT OF EDUCATION					289,000	--

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Aging	State of California - Department of Aging	Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation Cluster with CFDA Nos. 93.042, 93.043, 93.044, 93.045, 93.052 and 93.053	93.041	AP-1819-25	\$ 52,000	\$ 52,000
Aging	State of California - Department of Aging	Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals Cluster with CFDA Nos. 93.041, 93.043, 93.044, 93.045, 93.052 and 93.053	93.042	AP-1819-25	90,000	90,000
Aging	State of California - Department of Aging	Special Programs for the Aging Title III, Part D Disease Prevention PART F-Disease Prevention and Health Promotion Services Cluster with CFDA Nos. 93.041, 93.042, 93.044, 93.045, 93.052 and 93.053	93.043	AP-1819-25	250,000	250,000
Aging	State of California - Department of Aging	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers. Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.045, 93.052 and 93.053	93.044	AP-1819-25	3,596,000	2,983,000
Aging	State of California - Department of Aging	Special Programs for the Aging_ Title III, Part C Nutrition Services. Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.052 and 93.053	93.045	AP-1819-25	7,746,000	7,069,000
Aging	State of California - Department of Aging	National Family Caregiver Support Title III, Part E Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.045 and 93.053	93.052	AP-1819-25	1,330,000	839,000
Aging	State of California - Department of Aging	Nutrition Services Incentive Program Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.045 and 93.052	93.053	AP-1819-25	1,089,000	1,089,000
		<i>Subtotal Aging Cluster (93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053)</i>			14,153,000	12,372,000
Aging	State of California - Department of Aging	Medicare Enrollment Assistance Program	93.071	MI-1819-25	12,000	12,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

FEDERAL GRANTOR/ CITY DEPARTMENT	PASS THROUGH GRANTOR	PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)		GRANT/PASS THROUGH NUMBER	EXPENDITURES	SUBRECIPIENTS
			NUMBER	NUMBER			
Emergency Management	County of Los Angeles - Department of Public Health	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		PH-003073	\$ 72,000	\$ --
Aging	State of California - Department of Aging	State Health Insurance Assistance Program	93.324		HI-1718-25	193,000	193,000
Economic and Workforce Development	County of Los Angeles - Workforce Development, Aging and Community Services Department ("WDACS")	Temporary Assistance for Needy Families	93.558		IA-0114	2,531,000	2,038,000
Housing and Community Investment	State of California - Department of Community Services and Development	Community Services Block Grant	93.569		18F-5022 19F-4022	5,872,000	4,106,000
						179,000	--
		<i>Subtotal 93.569</i>				6,051,000	4,106,000
Recreation and Parks	State of California - Department of Education	Child Care and Development Block Grant Cluster with CFDA No. 93.596	93.575		CSPP-8169 CCTR-8077	45,000	--
						3,000	--
		<i>Subtotal 93.575</i>				48,000	--
Recreation and Parks	State of California - Department of Education	Child Care Mandatory and Matching Funds of the Child Care and Development Fund Cluster with CFDA No. 93.575	93.596		CSPP-8169 CCTR-8077	99,000	--
						7,000	--
		<i>Subtotal 93.596</i>				106,000	--
		<i>Subtotal CCDF Cluster (93.575, 93.596)</i>				154,000	--
Aging	State of California - Department of Aging	Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid	93.626		FA-1718-25	14,000	8,000
Fire	County of Los Angeles - Department of Health Services	National Bioterrorism Hospital Preparedness Program	93.889		U3RHS05932	92,000	--
TOTAL FOR DEPARTMENT OF HEALTH AND HUMAN SERVICES						23,272,000	18,729,000
<u>DEPARTMENT OF HOMELAND SECURITY</u>							
Fire	Direct	National Urban Search and Rescue (US&R) Response System	97.025		EMW-2015-CA-00037-S01 EMW-2016-CA-00031-S01 EMW-2017-CA-00022	53,000 446,000 574,000	-- -- --
		<i>Subtotal 97.025</i>				1,073,000	--

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019
(Amounts rounded to nearest thousand)

FEDERAL GRANTOR/ CITY DEPARTMENT	PASS THROUGH GRANTOR	PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)		GRANT/PASS THROUGH NUMBER	EXPENDITURES	SUBRECIPIENTS
			NUMBER	NUMBER			
Emergency Management	County of Los Angeles - Office of Emergency Management	Emergency Management Performance Grants	97.042		EM-2018-EP0008	\$ 645,000	\$ --
Fire	Direct	Assistance to Firefighters Grant	97.044		EMW-2017-FO-02678	780,000	--
City Administrative Officer	State of California- Office of Emergency Services	Fire Management Assistance Grant	97.046		FEMA-5201-FM-CA, CAL OES ID: 037-44000	2,588,000	--
City Administrative Officer	State of California- Office of Emergency Services	Pre-Disaster Mitigation	97.047		2012-1001	150,000	--
Fire	Direct	Port Security Grant Program for Critical National Seaports	97.056		EMW-2015-PU-00207 EMW-2016-PU-00237-S01	232,000 51,000	-- --
Police	Direct	Port Security Grant Program for Critical National Seaports	97.056		EMW2015PU00255501	538,000	--
		<i>Subtotal 97.056</i>				821,000	--
Mayor	State of California- Office of Emergency Services	Homeland Security Grant Program	97.067		2015-0078 2016-0102 2016-0102 2017-0083 2017-0083 2018-0054	1,518,000 542,000 40,782,000 27,008,000 115,000 4,000	375,000 -- 30,497,000 16,967,000 -- --
		<i>Subtotal 97.067</i>				69,969,000	47,839,000
Fire	Direct	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		EMW-2016-FH-00301 EMW-2017-FH-00122	5,234,000 887,000	-- --
		<i>Subtotal 97.083</i>				6,121,000	--
Police	Direct	Law Enforcement Officer Reimbursement Agreement Program	97.090		CA0194200	152,000	--
Mayor	Direct	Securing the Cities Program	97.106		2012-DN-106-000001-05 and Prior Awards	1,378,000	--
Mayor	Los Angeles Cyber Lab, Inc.	National Cyber Security Awareness	97.128		18PDSAO00002-01-00	2,000	--
Mayor	Direct	Preparing for Emerging Treats and Hazards	97.133		EMW-2016-GR-00091-S01	67,000	--
TOTAL FOR DEPARTMENT OF HOMELAND SECURITY						83,746,000	47,839,000
TOTAL FEDERAL AWARDS						\$ 508,381,000	\$ 135,917,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. Reporting Entity for Single Audit

The City of Los Angeles, California (City) has defined its single audit reporting entity for the purpose of this report, in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as:

"Those Departments and Offices over which the Mayor and the City Council have direct legislative, executive and budgetary control."

The Housing Authority of the City of Los Angeles is fiscally independent of the City and therefore excluded from the City's reporting entity under generally accepted accounting principles and, accordingly, from its Single Audit reporting entity.

For the purpose of the Schedule of Expenditures of Federal Awards, the reporting entity consists of the following City Departments and Offices:

Aging	Office of Finance
Animal Services	Fire
Building and Safety	General Services
Cannabis Regulation	Housing and Community Investment
City Administrative Officer	Information Technology Agency
City Attorney	Library
City Clerk	Mayor
City Ethics Commission	Neighborhood Empowerment
Controller	Personnel
Convention and Tourism Development	Planning
Council	Police
Cultural Affairs	Public Accountability
Disability	Public Works
Economic and Workforce Development	Recreation and Parks
El Pueblo de Los Angeles	Transportation
Emergency Management	Zoo
Employee Relations Board	

The Federal award programs administered by the following City Departments and related organization are not included in the Schedule of Expenditures of Federal Awards but have separate independent single audits:

<u>Department/Agencies</u>	<u>Federal Single Audit Cognizant/Oversight Agencies</u>	<u>Auditors</u>
Airports	Department of Transportation	Moss Adams LLP
Harbor	Department of Homeland Security	Macias Gini & O'Connell LLP

CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

1. Reporting Entity for Single Audit (Continued)

Housing Authority of the City of Los Angeles	Department of Housing and Urban Development	Macias Gini & O'Connell LLP
Water and Power	Environmental Protection Agency (Water System)	KPMG LLP

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Award (SEFA) presents the activity of all federal award programs of the City. All federal awards from the federal government and pass-through agencies are included in the SEFA. The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance.

3. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting for program expenditures accounted for in all governmental funds. Such expenditures are recognized following the cost principles contained in the Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the ten (10) percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying SEFA agree with the amounts reported in the related federal financial reports.

5. Changes in Catalog of Federal Domestic Assistance (CFDA) Numbers (No.) and Other Reclassifications

- a. CFDA Nos. 14.256, 21.003, 84.420 and 97.090 are archived programs that are being retained to report expenditures incurred or to show outstanding loans of these programs.
- b. Expenditures for grant number IA-0114, CFDA numbers 17.258, 17.259 and 17.278 were reported under State of California – Employment Development Department. Current expenditures for this grant are reported under County of Los Angeles – Workforce Development, Aging and Community Services Department (“WDACS”).
- c. Expenditures for grant number C-126913 were reported under CFDA number 93.069, Public Health Emergency Preparedness, in the prior year. Current expenditures for this grant are reported under grant number PH-003073, CFDA number 93.074, Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements.

CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

6. Major Federal Programs

Under the risk based approach to determine major programs under the Uniform Guidance, major programs of the City may have expenditures as low as \$750,000 if the program is considered to be high risk. Level of risk is determined by the auditor's judgment and guidelines contained in the Uniform Guidance.

7. Outstanding Loans of Federal Funds

The following is a summary of outstanding loans at cost by CFDA No. as of June 30, 2019. The outstanding loan balances do not reflect an allowance for uncollectibles of \$454,543,000. The FY 2018 outstanding balance of CFDA No. 14.248 in the amount of \$119,425,000 for which the Federal Government imposed continuing compliance, was included in the total expenditures in the accompanying SEFA.

<u>CFDA No.</u>	<u>Federal Grantor</u>	<u>Administering City Departments</u>	<u>Outstanding Balance as of June 30, 2019</u>
14.218	HUD	Economic & Workforce Development	\$ 22,315,000
		Housing and Community Investment	327,150,000
		Subtotal for CFDA No. 14.218	<u>349,465,000</u>
14.228	HUD	Housing and Community Investment	4,500,000
14.239	HUD	Housing and Community Investment	747,394,000
14.241	HUD	Housing and Community Investment	21,590,000
14.248	HUD	Economic & Workforce Development	116,803,000
14.256	HUD	Housing and Community Investment	47,347,000
14.Unknown	HUD	Housing and Community Investment (previously reported under CFDA No. 14.871)	12,525,000
81.128	DOE	Housing and Community Investment	3,676,000
			<u>\$ 1,303,300,000</u>

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CITY OF LOS ANGELES, CALIFORNIA
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2019

Section I - Summary of Auditor's Results

(a) Financial Statements

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

(b) Federal Awards

Internal control over major federal programs:	
▪ Material weakness(es) identified?	Yes
▪ Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major federal programs:	
Unmodified for all major programs except for the following, which was qualified:	
▪ CFDA No. 97.046 Fire Management Assistance Grant	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	Yes

CITY OF LOS ANGELES, CALIFORNIA
 Schedule of Findings and Questioned Costs (Continued)
 For the Fiscal Year Ended June 30, 2019

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.231	Emergency Solutions Grant Program
14.239	Home Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
14.248	Community Development Block Grants – Section 108 Loan Guarantees
16.575	Crime Victim Assistance
93.558	Temporary Assistance for Needy Families
93.569	Community Services Block Grant
97.046	Fire Management Assistance Grant
97.083	Staffing for Adequate Fire and Emergency Response
97.106	Securing the Cities

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as a low-risk auditee?

No

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2019-001
Federal Program Title: Housing Opportunities for Persons with AIDS
Federal Catalog Number: 14.241
Federal Agency: Department of Housing and Urban Development
Pass-Through Entity: N/A
Federal Award Number and Year: CA-H15-0003 and CA-H18-F005
Name of City Department: Housing and Community Investment Department
Category of Finding: Subrecipient Monitoring

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.331(a) *Requirements for pass-through entities*, all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification.

- (1) Federal Award Identification:
 - (iii) Federal Award Identification Number (FAIN)
 - (iv) Federal Award Date

Condition

During our review of the Housing Opportunities for Persons with AIDS (HOPWA) program, we selected six (6) subrecipients with active contracts during FY 18-19 and noted that the Housing and Community Investment Department (HCID) was not able to provide documentation to demonstrate that the federal award identification number (FAIN) and federal award date were communicated to those subrecipients.

Cause

While aware of the requirements, HCID inadvertently did not communicate the FAIN and federal award date to their subrecipients.

Effect

Failure to provide all the required subaward information results in noncompliance with 2 CFR §200.331(a).

Questioned Costs

Questioned costs were not identified.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Context

Of the six (6) subrecipients selected for testing, totaling \$10,631,408 from a population of \$16,663,000, all six (6) subrecipients were not provided with the FAIN and federal award date.

The sample was not a statistically valid sample.

Recommendation

We recommend that HCID performs the following procedures:

1. Provide the subaward information as required by 2 CFR §200.331(a) to subrecipients at the time of the subaward and communicate any changes in subsequent subaward modifications.
2. For the existing subrecipients that were not previously provided the required elements, communicate missing elements and retain documentation supporting communication prior to the end of FY 19-20.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Maribel Ulloa
HOPWA Program Manager
Telephone No. (213) 922-9663
2. Corrective action plan:
HCID will ensure that information required by 2 CFR §200.331(a) will be provided to subrecipients at the time of the subaward. HCID will communicate any changes in subsequent subaward modifications to the subrecipients.
3. Anticipated implementation date:
Effective immediately, HCID will include the required subaward information on all new contracts and amendments. By March 31, 2020, HCID will communicate this information to all subrecipients that were not previously provided the required elements.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-002
Federal Program Title: Housing Opportunities for Persons with AIDS
Federal Catalog Number: 14.241
Federal Agency: Department of Housing and Urban Development
Pass-Through Entity: N/A
Federal Award Number and Year: CA-H15-0003 (2016) and CA-H18-F005 (2018)
Name of City Department: Housing and Community Investment Department
Category of Finding: Reporting

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.302 (b)(2), the financial management system of each non-federal entity must provide accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements.

Condition

During our review of the Housing Opportunities for Persons with AIDS (HOPWA) program, we noted that the expenditures reported on the HUD-40110-C *Annual Progress Report* were \$699,269. However, the accounting records supported expenditures of \$608,867.

Cause

There was a miscommunication between the preparer and the reviewer of the report that resulted in a clerical error in reporting the correct amount of expenditures.

Effect

Failure to provide accurate, current, and complete disclosure of financial results of a federal award or program results in noncompliance with 2 CFR §200.302(b)(2).

Questioned Costs

Questioned costs were not identified since the Housing and Community Investment Department (HCID) only received reimbursements of \$608,867.

Context

HCID submitted three (3) types of reports for FY 18-19: HUD-40110-C *Annual Progress Report*, HUD-40110-D *Consolidation Annual Performance and Evaluation Report* (CAPER), and HUD 60002 *Section 3 Summary Report, Economic Opportunities for Low-and Very Low-Income Persons*. Out of these three (3) reports, HCID was not able to provide sufficient documentation to support the total amount reported on the HUD-40110-C *Annual Progress Report*.

The sample was not a statistically valid sample.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Recommendation

We recommend that HCID performs the following:

1. Amend the Annual Progress Report to reflect the correct expenditures of \$608,867; and
2. Strengthen its review process to ensure reports are accurate.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Maribel Ulloa
HOPWA Program Manager
Telephone No. (213) 922-9663
2. Corrective action plan:
HCID will amend the Annual Progress Report to reflect expenditures of \$608,867. In addition, HCID will implement the following report review protocol.

The Program Manager will prepare and submit the HOPWA report to The Cloudburst Group for review. Upon approval by The Cloudburst Group, the report will be reviewed by the Assistant Division Chief and the Division Chief of HCID's Program Operations Division.
3. Anticipated implementation date:
The amended Annual Progress Report was submitted to HUD on March 5, 2020. The report review protocol was implemented forthwith beginning with the amended APR.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-003
Federal Program Title: Staffing for Adequate Fire and Emergency Response (SAFER)
Federal Catalog Number: 97.083
Federal Agency: U.S. Department of Homeland Security
Pass-Through Entity: N/A
Federal Award Number and Year: EMW-2016-FH-00301 and EMW-2017-FH-00122
City Department: Fire Department
Category of Finding: Cash Management

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition

During our review of the Staffing for Adequate Fire and Emergency Response (SAFER) program, nine (9) reimbursement requests were selected for testing. The Fire Department indicated that reimbursement requests are prepared by the Fiscal Systems Specialist I, and there are three levels of review performed by the Fiscal Systems Specialist II, Grant Analyst, and the Senior Management Analyst before the reimbursement requests were submitted to the funding source. However, since the reviews were not documented, we were not able to verify that the reviews were performed.

Cause

After the reimbursement requests were reviewed, the approvals were communicated verbally. The Fire Department personnel were not aware that they should document the review in order to demonstrate that it was performed.

Effect

The lack of written evidence of a documented review results in noncompliance with 2 CFR §200.303(a).

Questioned Costs

Questioned costs were not identified.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Context

For nine (9) reimbursement requests selected for testing, from a total of thirty one (31) reimbursement requests submitted, which totaled \$1,787,355 from a population of \$6,121,000, the Fire Department did not provide written documentation as evidence that a review was performed.

The sample was not a statistically valid sample.

Recommendation

We recommend that the Fire Department documents their review of reimbursement requests.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Phil Orozco
Senior Management Analyst
Fire Department
Telephone No. (213) 978-3541

2. Corrective action plan:
The Cash Reimbursement Request review is completed by the grant analyst using information reviewed and generated by the Fiscal Systems unit, and then validated from the PaySr system. In addition, there is discussion and approval performed by the Senior Management Analyst.

For clarification, there has been an ongoing verbal and review process. We conveyed that, prior to submission for reimbursement, the Cash Reimbursement Request underwent certification from our fiscal group. The documentation was then reviewed by a member of our grants unit before being submitted for final review and signature from the section head.

The grants unit implements an approval process via a signature or email for all levels of review. The department has addressed the "form" documented review in addition to a substantial matter review by immediately implementing a documented signature process which is filed on our server for future reference.

3. Anticipated implementation date:
Corrective action was immediately implemented starting on November 26, 2019.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-004
Federal Program Title: Staffing for Adequate Fire and Emergency Response (SAFER)
Federal Catalog Number: 97.083
Federal Agency: U.S. Department of Homeland Security
Pass-Through Entity: N/A
Federal Award Number and Year: EMW-2016-FH-00301 and EMW-2017-FH-00122
City Department: Fire Department
Category of Finding: Reporting

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition

During our review of the Staffing for Adequate Fire and Emergency Response (SAFER) program, two (2) financial reports and three (3) performance reports were selected for testing. We noted that the financial reports were reviewed and approved as documented by the Fire Chief while there was no documentation of review and approval for the performance reports. The Fire Department indicated the performance reports are prepared by the Fiscal Systems Specialist I, and there are three levels of review performed by the Fiscal Systems Specialist II, Grant Analyst, and the Senior Management Analyst before the performance reports were submitted to the funding source. However, since the reviews were not documented, we were not able to verify that the reviews were performed for the performance reports.

Cause

Subsequent to the review of the performance reports, the approvals were communicated verbally. The Fire Department personnel were not aware that they should document the review in order to demonstrate that it was performed.

Effect

The lack of written evidence of a documented review results in noncompliance with 2 CFR §200.303(a).

Questioned Costs

Questioned costs were not identified.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Context

For two (2) financial reports selected from a total of three (3) financial reports, and three (3) performance reports selected from a population of seven (7) performance reports, the Fire Department personnel did not provide written documentation as evidence that a review was performed for the three (3) performance reports.

The sample was not a statistically valid sample.

Recommendation

We recommend that the Fire Department documents their review of performance reports.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Phil Orozco
Senior Management Analyst
Fire Department
Telephone No. (213) 978-3541

2. Corrective action plan:
Performance Reports are completed by the grant analyst using information validated by different levels of section authorities; namely, the Fiscal Systems Unit, the Fire Stat Manager, and the Homeland Security Captain. On top of all these, the report is discussed and approved for submission by either Drew Steinberg, Fire Stat Manager, and/or Phil Orozco, Grants Unit Senior Management Analyst.

For clarification, there has always been an ongoing verbal and review process. The grants unit implements an approval process via a signature or email for all levels of review. The department has addressed the “form” documented review in addition to a documented signature process which is filed on our server for future reference.

3. Anticipated implementation date:
The corrective action plan has been implemented starting December 2019.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-005
Federal Program Title: Temporary Assistance for Needy Families
Federal Catalog Number: 93.558
Federal Agency: Department of Health and Human Services
Pass-Through Entity: County of Los Angeles Workforce Development, Aging and Community Services
Federal Award Number and Year: IA-0114 Amendments 6; 2019
City Department: Economic and Workforce Development Department
Category of Finding: Allowable Costs/Cost Principles

Criteria

In accordance with Title 2 U.S. Code of Federal Regulations (CFR) §200.403(g), costs must be adequately documented.

In accordance with 2 CFR §200.502 (a), the determination of when a federal award is expended should be based on when the activity related to the federal award occurs and disbursement of funds to subrecipients.

Condition

The Economic and Workforce Development Department (EWDD) reviews closeout reports received from subrecipients and includes the amounts as program expenditures on the schedule of expenditures of federal awards (SEFA). The expenditures reported on the SEFA include \$157,847 and \$218,573 reported by two subrecipients. However, the actual expenditures per the closeout report for one subrecipient was \$60,896, and the actual amount for the other subrecipient is \$218,120. As a result, the program expenditures on the SEFA were not corrected for the actual expenditures, and the SEFA is overstated by \$97,404.

Cause

EWDD is required to submit an annual closeout report to the County of Los Angeles (County), the funding agency, by July 31 annually for reimbursements, and EWDD requires its subrecipients to submit their closeout reports by July 10 annually so that the subrecipient expenditures can be included in its closeout report to the County. The County does not reimburse any expenditures submitted after the deadline. Because two subrecipients did not submit their closeout reports on time, EWDD obtained an estimate of the expenditures from those subrecipients to report on its closeout report to the County. When the subrecipients subsequently submitted the actual expenditures to EWDD, the amounts were less than the estimate.

Effect

Failure to report the correct expenditures results in noncompliance with 2 CFR §200.403(g) and §200.502(a).

Questioned Costs

\$97,404 (known questioned costs based on sample items tested)

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Context

Of the thirty-three (33) transactions selected for testing, which totaled \$1,740,879 from a population of \$2,184,443, two (2) transactions, totaling \$376,420, were overstated by \$97,404 on the SEFA.

The sample was not a statistically valid sample.

Recommendation

We recommend that EWDD performs the following:

1. Ensure that closeout reports from subrecipients are submitted on time and report the actual expenditures on the SEFA.
2. Return the overstated claimed amount to the County.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Catherine Bondoc
Director of Financial Management Division, EWDD
Telephone No. (213) 744-7294
2. Corrective action plan:
In June 2019, EWDD issued Directive No. 19-001 to provide financial closeout instructions for FY 18-19 to all its subrecipients. This guidance provided clear instructions related to submission deadlines, required financial reports and supporting schedules and documentation, and additional technical guidance on various grant closeout topics. For subsequent fiscal years, EWDD will:
 - (a) Continue to issue financial closeout instructions prior to the end of a program to ensure subrecipients are well-informed on all reporting requirements;
 - (b) Follow-up on delinquent subrecipients; and
 - (c) Withhold future payments until a subrecipient complies with closeout requirements.

The issues and status for the two subrecipients are as follows:

Subrecipient #1: Due to an unexpected resignation of a key fiscal staff, the subrecipient requested for an extension to EWDD's closeout deadline. In order to meet the County's deadline, EWDD reported \$157,847, the estimated expenditures provided by the subrecipient, to the County. The revised final expenditures subsequently reported by the subrecipient was \$60,896. EWDD will refund the balance of \$96,951 to the County.

Subrecipient #2: EWDD correctly reported to the County the final expenditures of \$218,573, as reported by the subrecipient for FY 18-19. However, the subrecipient did not submit its General Ledger and reconciliation reports, which are both required supporting documentation for financial reporting. As a result, EWDD withheld the closeout payment for FY 18-19 and cited the subrecipient for non-compliance with financial reporting requirements and deadlines in EWDD's fiscal monitoring and annual administrative capability evaluation. In February 2019, the subrecipient provided the required reports. EWDD approved \$218,120 but disallowed \$453. EWDD will refund the balance of \$453 to the County.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

3. Anticipated implementation date:
March 31, 2020

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-006
Federal Program Title: Temporary Assistance for Needy Families
Federal Catalog Number: 93.558
Federal Agency: Department of Health and Human Services
Pass-Through Entity: County of Los Angeles Workforce Development, Aging and Community Services
Federal Award Number and Year: IA-0114 Amendments 6; 2019
City Department: Economic and Workforce Development Department
Category of Finding: Subrecipient Monitoring

Criteria

In accordance with Title 2 Code of Federal Regulations, (CFR) §200.331(d), *Requirements for pass-through entities*, the pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- 1) Reviewing financial and programmatic reports required by the pass-through entity.
- 2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- 3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity.

Pursuant to 2 CFR §200.331(e), depending upon the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- 1) Providing subrecipients with training and technical assistance on program-related matters; and
- 2) Performing on-site reviews of the subrecipient's program operations;
- 3) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.

Per the Economic and Workforce Development Department's (EWDD) Fiscal Monitoring Review Policies and Procedures, upon completion of the risk assessment procedures, EWDD needs to conduct an on-site fiscal monitoring during the fiscal year for subrecipients determined as high risk. An issuance of the draft fiscal review report is required within ten business days from the date of the exit conference.

Condition

During our review of eight (8) subrecipients with active contracts during FY 18-19, we noted that EWDD assessed four (4) subrecipients as high risk, which required on-site fiscal monitoring in accordance with EWDD monitoring policies. EWDD provided evidence that the on-site fiscal monitoring started prior to June 30, 2019; however, the monitoring reports had not yet been issued. Therefore, we could not verify whether the on-site fiscal monitoring was completed and could not determine whether the fiscal monitoring was sufficient to ensure proper accountability and compliance with program requirements and achievement of performance goals.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Cause

A shortage of staff resulted in the delay in completing the on-site fiscal monitoring reports for four (4) subrecipients.

Effect

Failure to complete an on-site monitoring and issue the report timely results in noncompliance with 2 CFR §200.331(d), (e) and EWDD's policy.

Questioned Costs

Questioned costs were not identified.

Context

Of the eight (8) subrecipients selected for testing out of a population of twenty one (21) subrecipients totaling \$1,450,337 from a population of \$2,038,177, the on-site fiscal monitoring reports were not provided for four (4) subrecipients that were assessed as high risk.

The sample tested was not a statistically valid sample. This is a repeat finding as indicated in the Schedule of Prior Audit Findings as finding number 2018-004.

Recommendation

We recommend that EWDD completes on-site fiscal monitoring and issues a report in a timely manner.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Catherine Bondoc
Director of Financial Management Division, EWDD
Telephone No. (213) 744-7294

2. Corrective action plan:
Despite EWDD's best efforts to hire, the department was faced with continued vacancies for its four Auditor positions during FY 18-19. However, although on-site fiscal monitoring visits were not fully completed during the fiscal year, EWDD performed desk reviews which involved verifying reported expenditures against the subrecipients' general ledgers, reviewing supporting documentation for selected samples, and ensuring adherence to the approved budget, expenditure cost limitations, cost classifications, and other reporting requirements. This phase is an integral component of EWDD's fiscal monitoring process and enables the Financial Management Division to complete a significant part of the review prior to the actual on-site visits.

In early FY 19-20, EWDD was able to hire four new Auditors. EWDD is currently completing the on-site fiscal monitoring reviews for FYs 18-19 and 19-20. In addition, EWDD contracted with an outside CPA to assist.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

The desk review reports for the four subrecipients have been issued. EWDD will provide copies of the fiscal review reports for FY 18-19 as the reports are completed.

3. Anticipated implementation date:
June 30, 2020

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-007
Federal Program Title: Community Services Block Grant
Federal Catalog Number: 93.569
Federal Agency: Department of Health and Human Services
Pass-Through Entity: State of California - Department of Community Services and Development
Federal Award Number and Year: 18F-5022 and 19F-4022
Name of City Department: Housing and Community Investment Department
Category of Finding: Subrecipient Monitoring

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.331(a) *Requirements for pass-through entities*, all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification.

- (1) Federal Award Identification:
 - (ii) Subrecipient's Data Universal Numbering System (DUNS) number
 - (iii) Federal Award Identification Number (FAIN)
 - (iv) Federal Award Date
 - (xi) CFDA Number and Name
 - (xii) Identification of whether the award is Research and Development (R&D)

Condition

During our review of the Community Services Black Grant (CSBG) program, we selected five (5) subrecipient with active contracts during FY 18-19 and noted that the Housing and Community Investment Department (HCID) did not perform the following:

1. There was no documentation to demonstrate that the following required federal award information were communicated to four (4) subrecipients.
 - a. FAIN
 - b. Federal Award Date
2. There was no documentation to demonstrate that the following required federal award information were communicated to one (1) subrecipient.
 - a. DUNS Number
 - b. FAIN
 - c. Federal Award Date
 - d. CFDA Number and Name
 - e. Identification of whether the award is R&D

Cause

While aware of the requirements, HCID inadvertently did not communicate the subrecipient's DUNS number, FAIN, federal award date, CFDA number and name, and whether the award is R&D to their subrecipients.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Effect

Failure to provide all the required subaward information and perform subrecipient monitoring results in noncompliance with 2 CFR §200.331(a).

Questioned Costs

Questioned costs were not identified.

Context

Of the five (5) subrecipients selected for testing, totaling \$1,385,596 from a population of \$4,106,000, all five (5) were not provided with certain required subaward information.

The sample was not a statistically valid sample.

Recommendation

We recommend that HCID performs the following procedures:

1. Provide the subaward information as required by 2 CFR §200.331(a) to subrecipients at the time of the subaward and communicate any changes in subsequent subaward modifications.
2. For the existing subrecipients that were not previously provided the required elements, communicate missing elements and retain documentation supporting communication prior to the end of FY 19-20.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Veronica McDonnell
Chief Management Analyst
Telephone No. (213) 928-9060
2. Corrective action plan:
HCID will ensure that information required by 2 CFR §200.331(a) will be provided to subrecipients at the time of the subaward. HCID will communicate any changes in subsequent subaward modifications to the subrecipients.
3. Anticipated implementation date:
Effective immediately, HCID will include the required subaward information on all new contracts and amendments. By March 31, 2020, HCID will communicate this information to all subrecipients that were not previously provided the required elements.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-008
Federal Program Title: Home Investment Partnerships Program
Federal Catalog Number: 14.239
Federal Agency: U.S. Department of Housing and Urban Development
Pass-Through Entity: N/A
Federal Award Number and Year: M-14-MC-06-0519 – 2014
M-15-MC-06-0519 – 2015
M-16-MC-06-0519 – 2016
M-17-MC-06-0519 – 2017
M-18-MC-06-0519 – 2018
Name of City Department: Housing and Community Investment Department (HCID)
Category of Finding: Special Tests and Provisions – Housing Quality Standards

Criteria

In accordance with Title 24 Code of Federal Regulation (CFR) §92.504(d)(1)(ii), during the period of affordability, the participating jurisdiction must perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of § 92.251 and to verify the information submitted by the owners in accordance with the requirements of § 92.252. The inspections must be in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of § 92.251. The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability.

Title 24 Code of Federal Regulation (CFR) §92.2 defines project completion as all necessary title transfer requirements and construction work have been performed; the project complies with the requirements of this part (including the property standards under § 92.251); the final drawdown of HOME funds has been disbursed for the project; and the project completion information has been entered into the disbursement and information system established by the U.S. Department of Housing and Urban Development, except that with respect to rental housing project completion, for the purposes of § 92.502(d) of this part, project completion occurs upon completion of construction and before occupancy. For tenant-based rental assistance, project completion means the final drawdown has been disbursed for the project.

Condition

During our review of the housing quality inspections for completed projects, we selected three (3) completed projects and noted that HCID performed a housing quality inspection. However, for two of the projects, they were not performed within the required 12-month period after the project was completed.

Cause

HCID failed to perform a housing quality inspection within 12 months of the project completion date due to oversight.

Effect

Failure to perform a housing quality inspection within a 12-month period after project completion results in noncompliance with 24 CFR §92.504(d)(1)(ii).

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Questioned Costs

Questioned costs were not identified.

Context

Of the three (3) completed projects selected for testing, totaling \$13,602,548 out of a population of six (6) completed projects, totaling \$26,936,548, HCID did not perform a housing quality inspection within 12 months after project completion for two (2) completed projects, totaling \$12,602,548.

The sample tested was not a statistically valid sample.

Recommendation

We recommend that HCID strengthens its process to ensure housing quality inspections are performed in a timely manner.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Ruben Perez
Senior Housing Inspector
Telephone No. (213) 808-8573
2. Corrective action plan:
The new Code, Compliance, Rent Information System (CCRIS) scheduler module will automatically queue and sort all HOME-assisted housing projects by those most in need of an inspection. By using this module, the Housing Inspection Group (HIG) will be better prepared to conduct the inspection. This process is an improvement from the current method of manually searching through a spreadsheet for projects to be inspected. In addition, HCID will ensure that vacant positions at HIG are filled as expeditiously as possible so that inspection deadlines are not missed.
3. Anticipated implementation date:
The new CCRIS scheduler will be implemented by June 2020. In the interim, the inspection inventory report will be regularly updated to ensure that inspections are conducted within the required timeframe.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-009
Federal Program Title: Fire Management Assistance Grant
Federal Catalog Number: 97.046
Federal Agency: U.S. Department of Homeland Security
Pass-Through Entity: State of California – Office of Emergency Services
Federal Award Number and Year: FEMA-5201-FM-CA, CALOES ID: 037-44000
City Department: Office of the City Administrative Officer and
Fire Department
Category of Finding: Allowable Costs/Cost Principles

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.403(b), costs must conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

Per 2 CFR §200.53(a), improper payment means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements.

Title 44 CFR §204.42 outlines the eligible costs under the Fire Management Assistance Grant (FMAG) program, including:

(b)(3) Operation and maintenance costs of publicly owned, contracted, rented or volunteer firefighting department equipment used in eligible firefighting activities.

Title 2 CFR §200.400(b) states that the non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award. The Office of the City Administrative Officer (CAO) must adhere to the agreement requirements outlined below in determining the eligible equipment and contract work costs that can be claimed for the FMAG program.

Equipment Costs

The State of California Office of Emergency Services (CalOES) entered into the “Agreement for Local Government Fire and Emergency Assistance to the State of California and Federal Fire Agencies”, referred to as the California Fire Assistance Agreement (CFAA).

Per Exhibit A – Reimbursement Policy and Procedures of the CFAA,

“A-26. Engines and Tactical Water Tenders shall be reimbursed in accordance with the current Federal Emergency Management Agency (FEMA) Schedule of Equipment Rates established in the Annual Rate Letter. Engines and Tactical Water Tenders rates are based on a 16-hour maximum allowable charge, per 24-hour period.”

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Contract Work Costs

The City of Los Angeles (City) entered into Agreement No. C-124273 with a contractor for dedicated aircraft services and aerial firefighting services. In accordance with Section 6. Compensation and Method of Payment of the agreement,

F. Method of Payment – The City will make payment to the Contractor for the services performed after the receipt and approval of the invoices by the City’s Representative.

Condition

During our review of sixty (60) non-payroll transactions, we noted the following:

1. Two (2) transactions associated with the use of an engine were calculated using an incorrect rate of \$285.85 per hour that is not in accordance with the stated rate of \$164.85 per hour in the FEMA Schedule of Equipment Rates. In addition, the actual hours of equipment usage should be 16 hours instead of 12 hours. This resulted in an overstatement of \$1,189.
2. One (1) transaction for services provided by a contractor did not agree to the contractor’s invoice, resulting in an overstatement of \$622.

Cause

1. Total hours and equipment rates were incorrectly claimed due to input error.
2. Costs claimed were inconsistent with the invoice received from the Contractor due to an oversight.

Effect

Overstatement of claimed costs results in questioned costs and noncompliance with 2 CFR §200.403(b), §200.53(a), §204.42, §200.400(b), the CFAA and Agreement No. C-124273.

Questioned Cost

\$1,811 (known questioned costs based on sample items tested)

Context

Of the sixty (60) non-payroll transactions tested, totaling \$1,296,906, from a population of eight hundred (800) non-payroll transactions, totaling \$1,885,103, the following were noted:

1. Two (2) transactions totaling \$6,860 were calculated using incorrect equipment rate and hours resulting in an overstatement of \$1,189.
2. One (1) transaction totaling \$214,608 did not agree with the contractor’s invoice, resulting in an overstatement of \$622.

The sample tested was not a statistically valid sample.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Recommendation

We recommend that CAO and the Fire Department perform the following procedures:

1. Correct the FY 18-19 expenditures of the FMAG program on the schedule of expenditures of federal awards.
2. Strengthen their review process to ensure the correct rates, hours, and amounts are used for reimbursement requests.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
The person responsible for the corrective action plan within the Office of the City Administrative Officer will be Melissa C. Krance, Chief Administrative Analyst, (213) 473-7582. The person responsible for the Los Angeles Fire Department's action plan is Ngozi Mbamalu, Senior Management Analyst II, (213) 978-3402.

2. Corrective action plan:
Questioned Costs #1, equipment rates:
The LAFD will ensure accurate reporting by having work double-checked by a second individual for discrepancies between reported numbers and source documents. During the preparation of the La Tuna Fire FMAG claim, the LAFD reviewed and used information from the FEMA Equipment Rates via computer instead of printing out the document to paper. The LAFD will now print out the FEMA Equipment Rates and use a ruler to ensure the correct FEMA Equipment Cost Codes correspond to the stated rate.

These source documents along with the LAFD claims for reimbursement will in turn be submitted to the Office of the CAO, Disaster Grants four working days before the CalOES due date for further verification and review prior to submission.

Questioned Costs #2, contract rates:
The LAFD is billed monthly from Erickson based on contractual terms. The invoice covering the La Tuna event reported 30 days of standby availability for the month at a rate of \$25,679.08 per day equivalent to \$770,372.40 on the invoice. The standby hours per day billed are 10 hours, which calculate to \$2,579.908 per hour per the effective contract rate. The LAFD submitted a claim for standby hours corresponding to the La Tuna event using a renegotiated contract rate of \$2,603 that was not yet in effect. In the future the LAFD will confirm rates using the effective contract terms and will request the provider to submit a corrected billing if the invoice rate is incorrect. When possible, the LAFD will request invoices that cover only the time period of the incident.

These source documents, including any applicable contracts, for the LAFD claims for reimbursement will in turn be submitted to the Office of the CAO, Disaster Grants four working days before the CalOES due date for further verification and review prior to submission.

3. Anticipated implementation date:
Immediately on February 28, 2020

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-010
Federal Program Title: Fire Management Assistance Grant
Federal Catalog Number: 97.046
Federal Agency: U.S. Department of Homeland Security
Pass-Through Entity: State of California – Office of Emergency Services
Federal Award Number and Year: FEMA-5201-FM-CA, CALOES ID: 037-44000
City Department: Los Angeles Police Department and
Office of the City Administrative Officer
Category of Finding: Allowable Costs/Cost Principles

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.403(g), costs must be adequately documented.

In accordance with Title 2 CFR §200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR §200.430(a)(1), costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities.

The City of Los Angeles (City) and the Los Angeles Police Protective League entered into Memorandum of Understanding No. 24 (MOU) that outlines salary rates. The Los Angeles Police Department (LAPD) is to pay its employees according to the rates stated in the MOU.

Condition

During our review of LAPD payroll expenditures, we noted the following:

1. The claimed overtime hours for eleven (11) payroll transactions do not agree to the overtime reports completed by the employees and approved by the Police Sergeant, resulting in an overstatement of \$5,537 in claimed labor costs.
2. LAPD could not provide documentation to corroborate the number of claimed overtime hours and the overtime rate used for the calculation of one (1) claimed labor cost, resulting in questioned costs of \$729.
3. LAPD could not provide the breakdown of labor costs for twenty-three (23) payroll transactions to verify that the salaries were paid in accordance with the MOU.

In addition, we tested twenty-five (25) payroll transactions incurred by the Fire Department and no exceptions were identified.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Cause

Discrepancies in overtime hours between the claim and the overtime reports, as noted in condition 1, are due to human errors. Due to insufficient staff resources, LAPD was unable to provide supporting documentation to substantiate conditions 2 and 3.

Effect

Lack of supporting documentation for claimed labor costs results in questioned costs and noncompliance with 2 CFR §200.403(g), §200.303(a), and the MOU.

Questioned Costs

Conditions 1 and 2: \$6,266 (known questioned costs based on sample items tested)

Condition 3: \$1,181 (known questioned costs based on the computation of the difference between the total pay rate per the claim and the base rate documented in the MOU)

Context

Of the twenty-five (25) payroll transactions tested, totaling \$26,428, from a population of five hundred ninety-seven (597) payroll transactions, totaling \$189,111, the following were noted:

1. The claimed overtime hours for eleven (11) payroll expenditure transactions totaling \$13,187 do not agree to the approved overtime reports, resulting in \$5,537 of questioned costs.
2. No supporting documentation was provided to corroborate the claimed overtime hours and the rate used to calculate one (1) claimed labor cost totaling \$729.
3. Records were not maintained for the base salary rates to verify that rates adhered to the MOU for twenty-four (24) payroll transactions, totaling \$24,946 and resulting in \$1,181 of questioned costs.

In addition, we tested twenty-five (25) payroll transactions of the Fire Department, totaling \$25,181, from a population of six hundred fifty-four (654) payroll transactions, totaling \$753,462, and no exceptions were identified.

The sample was not a statistically valid sample.

Recommendation

We recommend that LAPD performs the following:

1. Strengthen its review to ensure that the correct labor hours and rates are used in preparing reimbursement requests.
2. Maintain accounting records and source documentation to support expenditures incurred under Federal awards.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:

The person responsible for the corrective action plan within the Office of the Administrative Officer will be Melissa Krance, Chief Administrative Analyst, (213) 473-7582.

The person responsible for the Los Angeles Police Department's (LAPD) corrective action plan is Thom Brennan, Police Administrator, Commanding Officer, Fiscal Operations Division (213) 472-8590.

2. Corrective action plan:

LAPD Response:

The Los Angeles Police Department's corrective action plan will have the Police Administrator review the process for submitting claims for reimbursements to the CAO, Disaster Grants to implement necessary changes to ensure that submissions are accurately documented. Additional training of staff and the review of field documentation of hours will be conducted and verified by the Police Administrator.

For all records types, the LAPD will develop a plan for retention of records in electronic format for each event within six months in order to provide timely documentation in audits and to support expenditures. In addition, the LAPD will retain all records for claims until the CAO, Disaster Grants provides a copy of the audit waiver letter and a date in which they no longer need to retain records, in accordance with the audit waiver letter and City policy.

Once the LAPD Police Administrator reviews and signs off on the LAPD claims for reimbursement, the LAPD will submit the claim and all source documentation to the CAO, Disaster Grants.

In addition to the corrective steps above, the LAPD is researching electronic methods of having officers check in and out at command posts via a card system to improve timekeeping accuracy compared to current paper records. There is no established timeline for implementation at this time.

CAO Response:

The CAO, Disaster Grants Group will review the LAPD's submission and compare with supporting documentation submitted. The CAO, Disaster grants will assist the LAPD with training of staff on the claim submission process.

3. Anticipated implementation date:

The LAPD anticipates October 1, 2020 as their implementation date of their action plan.

The CAO's corrective action plan will be immediately implemented on March 12, 2020.

CITY OF LOS ANGELES, CALIFORNIA
 Schedule of Findings and Questioned Costs (Continued)
 For the Fiscal Year Ended June 30, 2019

Reference Number: 2019-011
Federal Program Title: Crime Victim Assistance
Federal Catalog Number: 16.575
Federal Agency: U.S. Department of Justice
Pass-Through Entity: State of California – Office of Emergency Services
Federal Award Number and Year: UV18 03 7250 – 2018
Name of City Department: City Attorney’s Office
Category of Finding: Reporting

Criteria

In accordance with the terms and conditions described in the FY18-19 Unserved/Underserved Victim Advocacy and Outreach (UV) Program Request for Application (RFA), the State of California, Office of Emergency Services (Cal OES) required the Cal OES Progress Report for performance period October 1, 2018 – March 31, 2019 to be submitted by April 30, 2019.

Condition

During our review of one (1) Cal OES Progress Report, we noted the report was submitted on May 17, 2019, which was seventeen (17) days after the due date, and there is no evidence of an extension granted to submit the report.

Report Type	Period Covered	Due Date	Date Submitted	Number of Days Late
Cal OES Progress Report	October 1, 2018-March 31, 2019	4/30/2019	5/17/2019	17

Cause

When the City Attorney’s Office requests an extension from Cal OES to submit a progress report, they will retain a copy of the correspondence of the approval from Cal OES. However, the employee who is responsible for communicating the requests to and receiving the approval from Cal OES is no longer working at the City Attorney’s Office, therefore a copy of the correspondence from Cal OES could not be located.

Effect

Failure to submit the Cal OES Progress Report timely results in noncompliance with the reporting requirements in the RFA.

Questioned Cost

Questioned costs were not identified.

Context

For all three (3) progress reports submitted and tested for FY 18-19, one (1) progress report was submitted seventeen (17) days after the due date.

The sample was not a statistically valid sample.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Recommendation

When the City Attorney's Office obtains an extension from the funding agency, a record of the approval should be maintained.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible:
Derek Tennell
Victim Assistance Program Director
Telephone No. (213) 978-4518

2. Corrective action plan:
The VAP office uses Google calendar to provide deadlines for the required reports due to all grantors. Reminders are sent to appropriate administrative staff 2 weeks before the reports are due. If this does not provide sufficient time for the reports completion, an extension is requested.

At this time, the VAP Administrative staff assisting with the UV grant is no longer employed with the City of Los Angeles. All emailed correspondence is not available for current staff to retrieve.

To retain grant related emails, the VAP office will include a pdf copy of the emailed correspondence in the electronic grant files. These electronic files are accessible to the supervisory staff of the VAP office. This will ensure that the emails with instruction and or extensions will be retained with the grant file.

3. Anticipated implementation date:
Immediate implementation – February 18, 2020

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019

FINANCIAL STATEMENT FINDINGS:

2016-001 Financial Reporting - Consolidation

(Significant Deficiency)

Condition

The City has seven component units, which issue separate audits reports. These reports are consolidated for inclusion in the City's Comprehensive Annual Financial Report (CAFR). Our review identified inconsistencies in financial reporting amongst the various component reports within the CAFR. Inconsistencies noted pertained to note disclosures, accounting treatment, and naming conventions used.

Recommendation

We recommend that the City develop and implement procedures over financial reporting in order to properly consolidate its component reports into the City's CAFR.

Current Year Management Response

Controller staff carefully review and reconcile the component unit information to ensure that the information consolidated into the City's CAFR is correct. In order to minimize future differences, Controller staff have provided the audit findings and adjustments to the various component units so that they may evaluate their policies, procedures, treatments, and presentations in relation to those in the CAFR.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2014-001 Risk Assessment over Financial Reporting

(Material Weakness)

1. Control Environment and Risk Assessment

Condition

The City does not have a comprehensive risk assessment process over external financial reporting.

Due to the risks associated with the decentralized nature of the City, in 2008, the City Controller identified and issued a report titled "Evaluation of Citywide Risk Management Functions" related to the lack of risk assessment within the City.

The report recommended that the City establish an organizational and governance structure for an enterprise risk management model (ERM). The report further recommended that the City be responsible for implementing a risk assessment framework similar to that mentioned in the Green Book.

As of fiscal year 2014, an ERM or risk assessment framework over external financial reporting has not yet been implemented.

Recommendation

We recommend that the City adopt a process for financial statement risk assessment to ensure that adequate controls over external financial reporting exist.

2. Control Activities and Monitoring

Condition

The City has not established a comprehensive assessment of risks over external financial reporting. In the absence of a risk assessment, the City has not identified the critical controls to ensure compliance with external financial reporting requirements nor have these critical controls been monitored on a regular basis.

The City's current control activities, while necessary, emphasize risks primarily at the transaction level rather than at the external financial reporting level. The transaction level reporting and monitoring includes Demand Audit for payments, Funds and Appropriations for budgetary controls, and the Audit Division for departmental controls. As the City is decentralized, individual City departments' internal control processes are significantly relied upon for accurate external financial reporting.

The lack of controls over external financial reporting resulted in certain inconsistencies by various departments in the preparation of financial information used in preparing the City's basic financial statements included in its CAFR resulting in misstatements, such as misclassifications of financial statement elements, and misapplications of GAAP. As an example, the reversion worksheets prepared at the department level to reclassify expenditures initially recorded in the General Fund to the proper funds add an extra element of complexity to the financial reporting process. Since

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

these reversion worksheets are based on both budgeted and actual expenditures, there is an increased risk that the consolidation process for external financial reporting may contain errors. This is further complicated by the City's multiple proprietary IT systems (PaySR, LATAx, and SMS) that interface with the City's Financial Management System (FMS), which is then summarized in a Microsoft Access database used by the Controller's Office to prepare the City's CAFR.

Recommendation

The City should design and implement a system of internal controls over external financial reporting. The system of internal controls should include: 1) implementation of a risk assessment over external financial reporting; 2) design and implementation of controls over critical risk areas identified; 3) monitoring of stated controls; and 4) periodic re-evaluations of risks and controls.

Current Year Management Response

The Controller's Office will be rolling out the replacement for the former ICCP under the leadership of the Audit Services Division. The FOCUS program is intended to assist management with: (1) identifying and assessing the sufficiency and effectiveness of internal controls over financial reporting; (2) developing corrective action plans to reduce risk and prevent any improper activities; (3) ensuring corrective actions are implemented to address areas of ineffective internal control, and (4) evaluating the effectiveness of citywide fiscal operations from a risk-based financial reporting perspective.

The FOCUS tool is a structured control self-assessment using an electronic, spreadsheet based, assessment tool. The FOCUS assessment targets an evaluation of departmental controls over financial reporting through performance of the following:

- 1) Answering all questions within the following three sections:
 - Section I: Scoping & Materiality
 - Section II: COSO Questionnaire (Up to 18 multiple choice questions)
 - Section III: Control Activities (Up to 39 multiple choice questions)
- 2) Providing support for each FOCUS response through narrative explanations, web links, and/or other types of electronic documentation (PDF files, spreadsheets, sample schedules, etc).
- 3) Providing department-wide improvement plans for all control activities evaluated as "Ineffective" during the department's FOCUS assessment.
- 4) Certifying that all control activities are operating as intended or are included appropriately within the department's improvement plan.

Audit Services will do follow up audits of the self-certifications on a "risk based" approach; auditing high risk departments every year, while at the same time looking at all City departments no less than every three years.

Current Status as of June 30, 2019

In process.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2014-002 Information Technology – General Controls Review

(Significant Deficiency)

1. Lack of Adequate Fire Protection at Server Room

Condition

The City's server room does not have an automatic non-water fire suppression system. We note that the City has plans to build a new data center adjacent to its current center, and install adequate fire protection.

Recommendation

The City should ensure that the new data center contains a dry fire suppression system.

Current Year Management Response

The construction of phase I of the new data center is 90% completed. The double interlocked pre-action sprinkler system has been installed. The early warning aspirating smoke detection system was added to ensure an early detection in sensitive areas. New sprinklers and smoke detectors are installed and are being tested. The completion of the fire suppression system for the phase I area is expected to be done by August 2019.

Current Status as of June 30, 2019

Construction is in progress.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

FEDERAL AWARD FINDINGS:

2018-001 Noncompliance with Procurement – Noncompliance

CFDA No. 93.041, 93.042, 93.043, 93.044, 93.045, 93.052 and 93.053 – Aging Cluster

Condition

To document the basis for subcontractor selection, the City's Department of Aging (DOA) utilizes a rating instrument form to rate bidders based on a program budget and the organization's history and administration. During our review of nine (9) contract files, DOA was unable to provide the rating instrument form for one (1) contract.

Recommendation

We recommend that DOA maintains documentation to support the basis of contractor selection.

Current Year Management Response

The CAP for the audit finding Reference No. 2018-001 ensures that important grant related records are not lost. The audit finding identified that one of the bid rating sheets was lost as the result from the LADOA having to move after the DaVinci fire. As of June 30, 2019, the standard department procedure is to scan all bid documents related to its Request for Proposals (RFP) and maintain a copy on its server and the original records in its files. LADOA has been using this procedure for the RFPs conducted since January 2019.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
 Schedule of Prior Audit Findings (Continued)
 For the Fiscal Year Ended June 30, 2019

2018-002 Noncompliance with Reporting – Noncompliance and Significant Deficiency

CFDA No. 93.041, 93.042, 93.043, 93.044, 93.045, 93.052 and 93.053 – Aging Cluster

Condition

During our review of one (1) Area Plan Financial Closeout Report, we noted the report was submitted on August 8, 2018, which was nine (9) days after the due date, and there is no evidence of an extension to submit the report.

Report Type	Period Covered	Due Date	Date Submitted	Number of Days Late
The Area Plan Financial – Closeout Report	FY 17-18	7/31/2018	8/9/2018	9

Recommendation

We recommend that DOA strengthens its report submission process to ensure all reports are submitted timely. When a report cannot be submitted by the due date, DOA should request an extension from the funding agency and maintain a record of the approval.

Current Year Management Response

The CAP for the audit finding Reference No. 2018-002 addresses preventing the Area Plan closeout report being submitted late. The plan involves notifying LADOA's contract service providers early of the due date and the Department's program monitors working with each one to provide accurate expenditure reports on time. The monitor follows up with each contractor fiscal staff to check on progress and address any questions. The FY18-19 Area Plan closeout report was submitted on time, on the July 31, 2019 due date.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-003 Noncompliance with Cash Management – Noncompliance and Material Weakness

CFDA No. 93.558 – Temporary Assistance for Needy Families

Condition

1. Per review of subrecipient invoices paid by EWDD, the time lapse between the receipt of funds from the County and the disbursement of funds to subrecipients exceeded the City's payment policy of 30 days for twenty-six (26) invoices reviewed. Delaying payments to subrecipients when funds are available also indicates a failure to ensure that the timing and amounts of advance payments are minimized to meet the immediate cash requirements of the program.
2. Per review of the Program Income Statement Report submitted to the County as part of the closeout for FY 2017 and FY 2018, EWDD reported \$8,338 and \$10,835, respectively, as interest earned on advances of program funds.

The Plan for Disposition of Program Income for FY 2017 and FY 2018 were not completed and not submitted to the County within thirty (30) days after the Program Income Statement Report was due. In addition, interest income for both fiscal years was not remitted to the County until February 11, 2019.

Recommendation

To ensure that EWDD minimizes the timing and amount of advances to the immediate cash requirements of the program, we recommend that EWDD report subrecipient expenditures on the cash requests to the County only when subrecipient invoices have been reviewed and approved for payment.

To ensure that EWDD complies with the County's program income requirements, we recommend that EWDD submit the Plan for Disposition of Program Income or obtain documented approval from the County for the timing of remitting interest income that is reported on the Program Income Statement Report. In addition, we recommend that EWDD initiates the process of remitting interest income to the County at the time the closeout reports are submitted.

Current Year Management Response

1. Effective immediately, all County billings will be duly verified as ready for processing with no outstanding hold issues prior to being billed to the County. If any subrecipient is in lapse from having all requirements in place, EWDD will not bill the County until all outstanding issues are rectified. This will eliminate cash sitting idle while resolution of outstanding issues is in progress. Ultimately, we will only invoice the County for all billings that have zero issues and release payments within 30 days after the receipt of County funds.
2. Program Income is determined by the City Office of Finance and reported in the City's Financial Management System (FMS). Upon closeout of a grant, EWDD will remit interest income earned within 30 days to the LA County Workforce Development Aging Community Services (WDACS).

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

3. The finding outlined above for Program Income was remitted by check on February 11, 2019 to Los Angeles County WDACS.

Current Status as of June 30, 2019

1. Not implemented.
2. Implemented.
3. Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-004 Noncompliance with Subrecipient Monitoring – Noncompliance and Material Weakness

CFDA No. 93.558 – Temporary Assistance for Needy Families

Condition

During our review of fourteen (14) subrecipient samples with active contracts during FY 17-18, we noted that EWDD did not perform the following:

1. Identification of whether the award is Research and Development (R&D) for fourteen (14) subrecipients.
2. Based on the risk assessment, EWDD assessed seven (7) subrecipients as high risk, which required on-site monitoring in accordance with their monitoring tool; however, onsite monitoring was not scheduled during FY 17-18.
3. Although EWDD program staff communicated findings and followed up on issues for the program monitoring review of one (1) subrecipient, the transmittal letter formally communicating the results of the review to the subrecipient and requesting the subrecipient to submit a corrective action plan was not approved by the Division Director.

Recommendation

We recommend that EWDD performs the following procedures:

1. Communicate whether the award is Research and Development (R&D) to all subrecipients.
2. Ensure all subrecipients assessed as high risk are scheduled for on-site fiscal monitoring within the fiscal year.
3. Ensure that program monitoring results are reviewed and approved by the appropriate personnel before they are communicated to subrecipients.

Current Year Management Response

1. EWDD will ensure that all future contracts will contain the required information as to whether the award is Research and Development or not. Current sub-recipients will be notified in writing.
2. The on-site fiscal reviews for subrecipients are on-going.
3. EWDD YouthSource Division Program Analyst staff provided the Youth Employment Specialist (YES) staff with training in August 2018. The training included eligibility, program monitoring duties and responsibilities, including the process writing and submissions of monitoring reports. Monitoring report process has been a standing topic item on the YES monitor's meeting agenda beginning in July 2018.

Current Status as of June 30, 2019

1. Implemented.
2. Not implemented (see current year finding 2019-006).
3. Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-005 Noncompliance with Subrecipient Monitoring – Noncompliance and Significant Deficiency

CFDA No. 17.258/17.259/17.278 – Workforce Innovation and Opportunity Act Cluster

Condition

During our review of the Workforce Innovation and Opportunity Act Cluster, for eleven (11) subrecipients the Economic & Workforce Development Department (EWDD) did not communicate whether the award is Research and Development (R&D) to the subrecipients.

Recommendation

We recommend that EWDD communicate whether the award is R&D to all subrecipients.

Current Year Management Response

EWDD will ensure that future contracts executed will contain the required information as to whether the award is Research and Development or not. Current subrecipients will be notified in writing.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-006 Noncompliance with Eligibility – Noncompliance and Significant Deficiency

CFDA No. 17.259 – Workforce Innovation and Opportunity Act Youth Activities

Condition

During our review of the WIOA Youth Program case files, we noted the following:

1. One participant met the WIOA Youth Program eligibility requirements and received stipends from WIOA Youth funds, however the application information in the CalJOBS system incorrectly indicated that the participant was qualified for the WIOA Adult Program, and the completed application from the CalJOBS system was certified by both the applicant and the YouthSource Center staff.
2. One participant met the In-School Youth Program eligibility requirements, however the application information in the CalJOBS system incorrectly indicated the participant's education status as Out-of-School Youth, and the completed application from the CalJOBS system was certified by both the applicant and the YouthSource Center staff.

Recommendation

We recommend that EWDD strengthens its review process to ensure that information entered into the CalJOBS system is accurate.

Current Year Management Response

1. It is standard practice for EWDD's Management Information System (MIS) unit to provide CalJobs training to contractors that allows for data entry and the generation of various reports which are extracted data entered into the system. All WIOA contractors are required to submit program data into the CalJobs system in accordance to their contractual agreement. When an error occurs MIS provides technical support to contractors by providing a form requesting a technical correction along with procedure for contractors to request corrections to CalJobs system. EWDD's MIS unit processes in excess 150 Youth Source CalJobs Correction Forms in PY 2017-2018, with the majority handled in-house by MIS staff. MIS also handles State identified errors that need necessary updates into the CalJobs system. The EDD Program Reporting and Analysis Unit will request that agency staff review and verify WIOA application data and make corrections on a required base. MIS coordinates this reconciliation with funded agencies and notifies the EDD Program Reporting and Analysis Unit once corrections are made.
2. Proposed Monitoring Improvements
 - i. At the end of each quarter, the Program Analysts will generate from CalJobs the report titled Executive-Program Management-WIDA Participant Summary for the program year to-date.
 - ii. The Program Analyst must send this report to contractor staff and instruct the contractor to provide self-reported figures for the following five data fields: a) Total Participants; b) Participants Carried In; c) New participants; d) In School Youth; e) Out of School Youth.
 - iii. The contractor must use CalJobs data and its own self-reported data to identify discrepancies.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

- iv. If any discrepancies are identified, the contractor must contact MIS and follow the procedures for requesting corrections to CalJobs data.
- v. The Program Analyst will include the data from the Executive-Program Management-WIOA Participant Summary within the site visit report and any discussion on performance or discrepancies identified.
- vi. These processes will be added to the monitoring manual.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

**2018-007 Noncompliance with Procurement and Suspension and Debarment –
Noncompliance and Significant Deficiency**

CFDA No. 17.258/17.259/17.278 – Workforce Innovation and Opportunity Act Cluster

Condition

During our review of contract files for the Workforce Innovation and Opportunity Act (WIOA) Cluster, we noted the following:

1. The documentation of the basis for contractor selection was not provided for one (1) contractor.
2. One (1) contractor was procured from a list of qualified organizations established through requests for qualifications that was not current for FY 17-18.
3. No documentation was provided to support that a cost or price analysis was performed for the procurement of one (1) contractor.
4. No documentation was provided for one (1) contractor to support that EWDD verified the contractor was not debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Recommendation

We recommend that EWDD performs the following procedures:

1. Maintain documentation for the significant history of the procurement, including the basis for contractor selection.
2. Maintain a current list of qualified organizations established through requests for qualifications.
3. Maintain documentation to support a cost or price analysis was performed.
4. Verify a contractor is not suspended or debarred prior to entering into a covered transaction and maintain the evidence with the date of verification on file.
5. Provide training to employees to ensure they follow the compliance requirements for procurement and suspension and debarment.

Current Year Management Response

Maintain documentation for the significant history of the procurement, including the basis for contractor selection.

1. EWDD will update and reissue internal policy and procedures manual to ensure staff is aware of procurement procedures, including documentation requirements.
2. EWDD will provide training for all EWDD program and procurement staff on Guidelines for the Procurement of Services for the City Economic & Workforce Development Department.

Maintain a current list of qualified organizations established through requests for qualifications.

1. As previously reported, the Youth System Support Request for Qualifications was issued in May 2018 and a current list of qualified organizations was approved by the Workforce Development Board on February 28, 2019.
2. In addition, EWDD will review all existing programs and/or contracts to ensure current procurements are in place.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

Maintain documentation to support a cost or price analysis was performed.

1. EWDD will update and reissue internal policy and procedures manual to ensure staff is aware of procurement procedures, including Cost/Price Analysis requirements.
2. EWDD will provide training for all EWDD program and procurement staff on *Guidelines for the Procurement of Services for the City Economic & Workforce Development Department*.

Verify a contractor is not suspended or debarred prior to entering into a covered transaction and maintain the evidence with the date of verification on file.

1. EWDD will update its current policy and procedures to review contractors for suspension or debarment for all contracts, including those mandated by the State and/or other grantors prior to contract execution.
2. EWDD will provide training to contract staff to ensure compliance with this requirement.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-008 Noncompliance with Subrecipient Monitoring – Noncompliance and Significant Deficiency

CFDA No. 97.067 – Homeland Security Grant Program

Condition

During our review of the Homeland Security Grant Program, for six (6) subrecipients the Mayor's Office of Public Safety (MOPS) did not communicate whether the award is Research and Development (R&D) and the indirect cost rate to the subrecipients.

Recommendation

We recommend that MOPS communicate whether the award is R&D and the indirect cost rate to all subrecipients.

Current Year Management Response

The CAP for audit finding reference no. 2018-008 ensures subrecipients are informed whether a grant award is Research and Development (R&D) and whether there is an indirect cost rate available to its subrecipients. Failure to provide said information results in noncompliance with 2 CFR §200.33(a). As of, February 27, 2019, MOPS issued a memorandum to its Urban Area Security Initiative (UASI) subrecipients advising them that the UASI grant program is not an R&D award as defined in 2 CFR §200.87 and 200.331. Additionally, the Mayor's Office advised the UASI subrecipients that there is no indirect cost rate applicable to the UASI grant Program award or the subaward as defined by 2 CFR §200.56 and 200.331.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-009 Noncompliance with Subrecipient Monitoring – Material Noncompliance and Material Weakness

CFDA No. 16.575 – Crime Victim Assistance

Condition

During our review of three (3) subrecipients with active contracts during FY 17-18, we noted the following:

1. The City Attorney's Office indicated that they evaluated each subrecipient's risk of noncompliance, but did not document their evaluations. A request for proposal and a contract between the City and the subrecipient were provided as examples of the information that the City requires from a subrecipient prior to entering into a contract. However, those documents are related to procurement requirements and did not address the requirements for a risk assessment. In the absence of a documented evaluation of the risk of non-compliance for the program's subrecipients, we are unable to determine if one was performed for the three (3) subrecipients.
2. On-site monitoring was not conducted for two (2) subrecipients during the fiscal year.
3. The City Attorney's Office requested the FY 16-17 Single Audit reports for two (2) subrecipients in February 2019 which is subsequent to June 30, 2018, and did not document their consideration whether the results from the Single Audit reports indicate conditions that require adjustments to the records of the City Attorney's Office.

Recommendation

We recommend that the City Attorney's Office performs the following:

1. Document their risk assessment for each subrecipient.
2. Conduct on-site monitoring during each fiscal year.
3. Review subrecipients' most recent Single Audit reports during each fiscal year, maintain documentation as evidence that the Single Audit reports were reviewed, and document whether the results from the Single Audit reports indicate conditions that require adjustments to the records of the City Attorney's Office.

Current Year Management Response

(Document risk assessment for each subrecipient) – Although the City Attorney's Office did not require the subrecipients to complete a traditional risk assessment checklist, we did go through a process to determine the risk of each subrecipient. The subrecipients' were selected because of their expertise as a skilled victim service provider that met the grant objective to address gaps in victim services. Also, every subrecipient either had an existing contract agreement with the City of Los Angeles and or the City Attorney's Office Victim Assistance Program through a Memorandum of Understanding (MOU) or a Letter of Agreement (LOA). All the subrecipients were in good standing prior to entering a separate contract agreement with the City Attorney's Office for the XC grant.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

Corrective Action Plan:

The City Attorney's Office will meet with each subrecipient once every fiscal year and conduct a risk assessment evaluation. The subrecipient will be required to provide answers to the questions on the attached Risk Assessment Checklist form presented by Victim Assistance Program management.

(Conduct on-site monitoring during each fiscal year) - The City Attorney's Office followed the requirement set forth in the California Office of Emergency Services (CalOES) Subrecipient Handbook on conducting Site Visits. This appears in the handbook in section 10320 *Timeframe* 28 *Newly funded grant projects will normally receive a Site Visit within the first six months of the performance period. In addition, projects will normally receive a Site Visit at least once every two years.* Although this was not a requirement of Cal OES, the City Attorney's Office decided to establish this requirement for every subrecipient. The Program Director and the XC Grant Supervisor conducted a Site Visit with each of the subrecipients during the 24-month grant period mirroring the CalOES Subrecipient Handbook guidelines.

Corrective Action Plan

In the future, the City Attorney's Office Victim Assistance Program management will conduct a Site Visit for all subrecipients every fiscal year. This requirement will be added to their contract agreement.

(Review subrecipients' most recent Single Audit Report during each fiscal year, maintain documentation evidence that the Single Audit reports were reviewed, and document whether the results from the Single Audit reports indicate conditions that require adjustments to the City Attorney's records) - The City Attorney's Office Victim Assistance Program management will request the Single Audit Report from each subrecipient every fiscal year. A checklist will be created to document 1) when the request was made to the subrecipient to submit their Single Audit Report; 2) when the Single Audit Report was received; 3) who received the Single Audit Report; 4) when the Single Audit Report was reviewed; 5) who reviewed the Single Audit Report; 6) if there is evidence in a subrecipient's Single Audit Report that requires adjustments to the City Attorney's records; and 7) what action would be taken if there was evidence that an adjustment needed to be made.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2018-010 Noncompliance with Special Tests and Provisions – Administration of Engineering and Design – Related Service Contracts – Noncompliance and Significant Deficiency

CFDA No. 20.205 – Highway Planning and Construction

Condition

During our review of contract files between the City of Los Angeles Department of Transportation (LADOT) and the consultants, we noted that the LADOT did not maintain written documentation to support that the City accepted one (1) consultant's indirect cost rate.

Recommendation

We recommend that LADOT document their acceptance of the consultants' indirect costs rates.

Current Year Management Response

Memo was released on 8/19/2019 to all LADOT project managers that have projects subject to Title 23 Code of Federal Regulation (CFR) §172.11(b)(1)(ii) requiring formal acceptance of the appropriate indirect cost rate submitted by the consultant at time of contract award.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2017-004 Noncompliance with Subrecipient Monitoring – Noncompliance and Material Weakness

CFDA No. 93.558 – Temporary Assistance for Needy Families

Condition

During our review of the Temporary Assistance for Needy Families program, we selected six (6) subrecipient samples with active contracts during FY 16-17 and noted that the Economic and Workforce Development Department (EWDD) was not able to provide complete documentation to indicate the following required federal award information was communicated to the six (6) subrecipients.

1. Federal Award Identification Number (FAIN)
2. Federal Award Date
3. Identification of whether the award is Research and Development (R&D)

Recommendation

We recommend that EWDD complies with requirements specified in 2 CFR §200.331.

Current Year Management Response

EWDD contracts for FY 2018-2019 included the Federal Award Identification Number (FAIN), Federal award date, and a statement that the contracts were not R&D.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019

2017-006 Noncompliance with Subrecipient Monitoring – Noncompliance and Material Weakness

CFDA No. 17.258 / 17.259 / 17.278 – Workforce Innovation and Opportunity Act Cluster

Condition

During our review of the Workforce Innovation and Opportunity Act Cluster, we selected nine (9) subrecipient samples and noted that the Economic Workforce and Development Department (EWDD) did not perform the following:

1. The following required federal award information was not communicated to the nine (9) subrecipients.
 - a. Federal Award Identification Number (FAIN)
 - b. Federal Award Date
 - c. Identification of whether the award is Research and Development (R&D)
2. A risk assessment was not performed for one (1) subrecipient.
3. One (1) subrecipient's Single Audit Report was not obtained

Recommendation

We recommend that EWDD performs the following procedures:

1. Comply with requirements specified in 2 CFR §200.331.
2. Retain records of the risk assessments performed as part of the monitoring process for all subrecipients.
3. Verify all subrecipients whose federal expenditures exceed \$750,000 for a year conduct a Single Audit for that year and review their Single Audit reports to ensure that the subrecipients take timely and appropriate action on deficiencies noted for the federal awards passed through EWDD

Current Year Management Response

Recommendation No. 1: EWDD will be amending some subrecipients' contracts during this fiscal year and these information will be added to the contracts. Moving forward, we will ensure that all subrecipient contracts should reflect the Federal Award Identification Number, Date of Award and identification whether the award is for R&D.

Recommendation No. 2: As stated in our response, risk assessment was not performed due to the special circumstances surrounding this contract. However, EWDD imposed additional restrictions on the service provider by releasing payments on a cost reimbursement basis and requiring additional supporting documentation for expenditures charged to the City contract.

Recommendation No. 3: As of October 1, 2018, the subrecipient's Single Audit Report has been submitted to the Federal Audit Clearinghouse (FAC). There were no findings related to City contracts.

Current Status as of June 30, 2019

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
DEPARTMENT OF AGING
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
GRANTED BY THE CALIFORNIA DEPARTMENT OF AGING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor Program Title	Grant/ Contract No.	CFDA No.	Expenditures State	Expenditures Federal
U.S. Department of Labor				
Passed through State of California, Department of Aging				
Title V	TV-1617-25	17.235	\$ -	\$ 1,502,323
U.S. Department of Health and Human Services				
Passed through State of California, Department of Aging:				
Title III B	AP-1819-25	93.044	\$ 166,788	\$ 3,596,417
Title III C1 Congregate Nutrition	AP-1819-25	93.045	370,312	4,254,111
Title III C2 Home Delivered Nutrition	AP-1819-25	93.045	443,238	3,491,777
Title III D	AP-1819-25	93.043	-	249,889
Title III E	AP-1819-25	93.052	-	1,329,960
NSIP C1	AP-1819-25	93.053	-	527,586
NSIP C2	AP-1819-25	93.053	-	561,313
Title VII A	AP-1819-25	93.042	-	90,263
Title VII B	AP-1819-25	93.041	-	51,976
Ombudsman - Public Health L & C			31,736	-
Ombudsman - State Health Facilities/Citation Penalties			137,029	-
Ombudsman Volunteer Recruitment Initiative- Skilled Nursing Facility (SNF) Quality and Accountability Fund (QAF)			150,744	-
Health Insurance Counseling and Advocacy Program (HICAP)	H1-1718-25	93.324	436,117	193,085
Medicare Improvements for Patients and Providers Act	MI-1819-25	93.071	-	12,056
Total Human and Health Services			<u>1,735,964</u>	<u>14,358,433</u>
Total			<u>\$ 1,735,964</u>	<u>\$ 15,860,756</u>

CITY OF LOS ANGELES, CALIFORNIA
HOUSING AND COMMUNITY INVESTMENT DEPARTMENT
STATE OF CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT
SUPPLEMENTARY SCHEDULES OF REVENUE AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Community Services Block Grant - CFDA No. 93.569
Contract No. 19F-4022, Project No. CAA-2019

	<u>January 1, 2019 through June 30, 2019</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
Revenue				
Grant Revenue	\$ 1,822,801	\$ 1,822,801		\$ 6,576,134
Interest Income/ Program Income	-	-		-
Deferred Interest Income	-	-		-
Deferred Grant Revenue	<u>(1,644,034)</u>	<u>(1,644,034)</u>		<u>-</u>
Total Revenue	<u>178,767</u>	<u>178,767</u>		<u>6,576,134</u>
Expenditures				
Administrative Costs				
Salaries and Wages	96,317	96,317	96,317	1,000,434
Fringe Benefits	53,609	53,609	53,609	460,263
Operating Expenses and Equipment	925	925	925	210,475
Contractor/ Consultant Services	615	615	615	40,000
Other Costs	<u>27,301</u>	<u>27,301</u>	<u>27,301</u>	<u>178,660</u>
Total Administrative Costs	<u>178,767</u>	<u>178,767</u>	<u>178,767</u>	<u>1,889,832</u>
Program Costs				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses and Equipment	-	-	-	-
Subcontractor Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,686,302</u>
Total Program Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,686,302</u>
Total Expenditures	<u>178,767</u>	<u>178,767</u>	<u>178,767</u>	<u>6,576,134</u>
Excess of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

CITY OF LOS ANGELES, CALIFORNIA
HOUSING AND COMMUNITY INVESTMENT DEPARTMENT
STATE OF CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT
SUPPLEMENTARY SCHEDULES OF REVENUE AND EXPENDITURES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Community Services Block Grant - CFDA No. 93.569
Contract No. 18F-5022, Project No. CAA-2018

	<u>January 1, 2018 through June 30, 2018</u>	<u>July 1, 2018 through June 30, 2019</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
Revenue					
Grant Revenue	\$ 1,733,147	\$ 4,953,690	\$ 6,686,837		\$ 6,686,837
Interest Income/ Program Income	-	3,246	3,246		-
Deferred Interest Income	-	-	-		-
Deferred Grant Revenue	(915,384)	915,384	-		-
Total Revenue	<u>817,763</u>	<u>5,872,320</u>	<u>6,690,083</u>		<u>6,686,837</u>
Expenditures					
Administrative Costs					
Salaries and Wages	204,561	997,388	1,201,949	1,198,703	1,229,084
Fringe Benefits	100,499	521,826	622,325	622,325	586,922
Operating Expenses and Equipment	19,903	119,303	139,206	139,206	151,550
Contractor/ Consultant Services	1,142	2,691	3,833	3,833	4,231
Other Costs	22,484	125,498	147,982	147,982	140,261
Total Administrative Costs	<u>348,589</u>	<u>1,766,706</u>	<u>2,115,295</u>	<u>2,112,049</u>	<u>2,112,048</u>
Program Costs					
Salaries and Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Subcontractor Services	469,174	4,105,614	4,574,788	4,574,788	4,574,789
Total Program Costs	<u>469,174</u>	<u>4,105,614</u>	<u>4,574,788</u>	<u>4,574,788</u>	<u>4,574,789</u>
Total Expenditures	<u>817,763</u>	<u>5,872,320</u>	<u>6,690,083</u>	<u>6,686,837</u>	<u>6,686,837</u>
Excess of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

CITY OF LOS ANGELES, CALIFORNIA
 POLICE DEPARTMENT
 STATE OF CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF SELECTED
 STATE FINANCIAL ASSISTANCE
 FOR THE FISCALYEAR ENDED JUNE 30, 2019

<u>State Grantor</u>	<u>Program Title</u>	<u>Agreement Number</u>	<u>Expenditures</u>
State of California Department of Alcoholic Beverage Control	Operation Alcoholic Beverage Control	18G-LA25	\$ <u>100,000</u>