



**City of El Monte, California**  
**Single Audit Report**  
***As of and for the Year Ended June 30, 2023***  
***With Independent Auditor's Report***

**City of El Monte, California**  
**Single Audit Report**  
***Year Ended June 30, 2023***  
***with Independent Auditor's Report***

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**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 Mayor and the Members of the City Council  
City of El Monte, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business – type activities each major fund, and the aggregate remaining fund information of the City of El Monte, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 16, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items FS 2023-001 and FS 2023-002 that we consider to be material weaknesses.



## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items FS 2023-001 to FS 2023-002.

## **City Responses to Findings**

Government Auditing Standards require the auditors to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion in the responses.

## **Purpose of This Report**

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

**Glendale, California  
September 16, 2024**



**Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control Over Compliance; and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**The Honorable Mayor and the Members of the City Council  
City of El Monte, California**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of El Monte, California's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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



### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed 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 SA 2023-001 to SA 2023-004. Our opinion on each major federal program is not modified with respect to these matters.



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

## **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA 2023-001 to SA 2023-004 to be material weaknesses.

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

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

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



## **Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 16, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Glendale, California  
September 16, 2024**

**City of El Monte**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity/Grantor's Number	Passed Through to Subrecipients	Federal Award Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Direct Assistance:				
Community Development Block Grants/Entitlement Grants	14.218	Various	\$ 143,532	\$ 1,851,235 *
Home Investment Partnerships Program	14.239	Various	-	870,842 *
Emergency Solutions Grant Program	14.231	Various	170,513	2,307,474
Passed through State of California,				
Department of Housing and Community Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	21-CDBG-HK-00006/7	-	1,457,436
<b>Total U.S. Department of Housing and Urban Development</b>			<u>314,045</u>	<u>6,486,987</u>
<b>U.S. Department of Justice</b>				
Direct Assistance				
Equitable Sharing Program	16.922	CA0192200	-	1,353,422
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0796	-	3,630
<b>Total U.S. Department of Justice</b>			<u>-</u>	<u>1,357,052</u>
<b>U.S. Department of Transportation</b>				
Passed through State of California,				
Office of Traffic Safety:				
FTA section 5310 - Enhanced Mobility of Seniors and Individuals with Disabilities Program	20.513	CA-2022-141	-	94,308
State and Community Highway Safety	20.600	PT 22166	-	22,037
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT 22166	-	57,454
State and Community Highway Safety	20.600	PT23106	-	7,546
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT23106	-	55,528
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STPL-5210(025)	-	36,786
<b>Total U.S. Department of Transportation</b>			<u>-</u>	<u>273,659</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through the County of Los Angeles,				
Department of Community and Senior Services:				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	ENP-202104	-	140,126
Nutrition Services Incentive Program	93.053	ENP-202104	-	13,831
Home Community Based Services Nutrition Infrastructure	N/A	ENP-202104	-	20,245
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	SSP-192002	-	41,374
<b>Total U.S. Department of Health and Human Services</b>			<u>-</u>	<u>215,576</u>
<b>U.S. Department of Homeland Security</b>				
Passed through the County of Los Angeles:				
Homeland Security Grant Program	97.067	HSGP 2020	-	5,582
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>5,582</u>
<b>U.S. Department of the Treasury</b>				
Direct Assistance:				
Equitable Sharing Program	21.016	CA0192200	-	85,763
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	18,479,213 *
Passed through the County of Los Angeles:				
Workforce Development, Aging and Community Services				
CEO ARPA IIIC1- Nutrition Services CM -Covid 19-C1 American	21.027	ENP-202104	-	34,745
<b>Total U.S. Department of the Treasury</b>			<u>-</u>	<u>18,599,721</u>
<b>U.S. Environmental Protection Agency</b>				
Direct Assistance				
Congressionally Mandated Projects	66.202	99T55201	-	61,477
<b>Total Environmental Protection Agency</b>			<u>-</u>	<u>61,477</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 314,045</u>	<u>\$ 27,000,053</u>

\* Major Programs

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

**NOTE 1      BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the City of El Monte, California (the City). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying SEFA is presented using the modified accrual basis of accounting for governmental funds, which is described in Note 1 of the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported include any property or equipment acquisitions incurred under the federal programs.

**NOTE 3      INDIRECT COST RATE**

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

**NOTE 4      RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Grant expenditure reports for the year ended June 30, 2023, which have been submitted to grantor agencies, will, in some cases, differ from the amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

**NOTE 5      RELATIONSHIP TO ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the City's Annual Comprehensive Financial Report.

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Type of auditors’ report issued on compliance with respect to major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	Yes (Finding Nos. SA 2023-001, SA 2023-002, SA 2023-003 and SA 2023-004)

**Identification of Major Programs:**

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlement Grants
14.239	Home Investment Partnerships Program
21.027	Coronavirus State and Local Fiscal Recovery Fund (American Rescue Plan Act)

Dollar threshold used to distinguish between Type A and Type B programs	\$810,002
Auditee qualified as a low-risk auditee?	No

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**Section II – Financial Statement Findings**

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**Finding No. FS 2023-001 – Failure to Implement Corrective Actions**

Type of Finding:

Material Weakness in Internal Control over Financial Reporting and Compliance

Condition:

The City did not fully implement corrective action plans on finding 2022-001 *Failure to Implement the FY2021 Corrective Actions*, identified during the audit for the fiscal year ended June 30, 2021.

Criteria or specific requirements:

The City's internal control structure should allow for corrective actions on reported findings to be completed within a reasonable time.

Effect:

Previously reported weaknesses in internal control over financial reporting and compliance have not been corrected. Failure to implement policies and procedures and lack of controls over the procurement and bid process, timekeeping, and proper recording of transactions increases the likelihood of fraud, waste, and abuse of the City's funds and misstatements in the financial statements.

Cause:

Corrective actions were not completed.

Repeat Finding:

Yes, see Summary Schedule of Prior Year Audit Findings 2022-001.

Recommendation:

We recommend that the City prioritize the completion of corrective actions over reported findings.

Views of responsible officials and planned corrective actions:

1. Finding 2021-001 *Noncompliance with Procurement and Bid Policies and Procedures*, the following corrective actions were started during FY2022-2023 and the City expects to have them fully implemented in FY2024-2025:
  - There has been an improvement in contract management. One staff member and one backup staff member have been assigned to manage contracts to ensure the timely payment of invoices. The primary staff member assigned to the management of contracts will work with Finance staff to ensure that all Purchase Orders are current/valid. In addition, the City hired a Contract and Procurement Compliance manager in October 2022. She is responsible for the review and approval of the purchase orders.

Views of responsible officials and planned corrective actions (continued):

- The City is in the process of updating its Procurement policy which includes the Conflict of Interest clause. Currently, the policy is under review by the City Attorney's Office (CAO). The policy is expected to be presented to the City Council for approval in November 2024. All future contracts/agreements presented for City Council consideration will contain a Conflict of interest clause to prevent conflicts.
  - For the mid-year budget, the staff is creating specific administration accounts for each funding source to ensure that the correct funding sources are utilized for vendors. This will assist with the timely processing of invoices. The Director has assigned a point person to capture invoices to ensure a net 30 payment.
  - The City will ensure that all services approaching the City Manager's spending limit will be flagged for contract administration with the City Manager, City Attorney, and City Clerk's Offices (for City Council consideration and approval).
  - The City will create open purchase orders with bench list firms to be able to respond quickly to the Police Department's expedited automotive repair needs. The specific parts will be noted and price lists provided.
  - The Police Department will require monthly versus quarterly billings from vendors.
  - For HVAC contracts, the staff will prepare for future issues by dedicating an appropriate budget for the awarded contractor. Other HVAC contractors will still be able to take care of 98% of all issues; however, the staff understands the awarded contractor will be a pivotal piece going forward.
2. Finding 2021-001 *Timely Recording of Loans*, wherein unrecorded loan was noted.
- The City hired an accountant that is assigned to all Economic Development Department grants and City loans starting July 2023.
3. Finding 2021-003 *Following Timekeeping Requirements*, wherein employees did not follow the timekeeping requirement of clocking in and out by using the clock on their desktop or within the department linked to the Kronos Workforce software.
- The timekeeping Policy has been updated and will be presented to the General Unit in FY 2024-2025.

**Finding No. FS 2023-002 - Timely Processing of Cash Disbursements**

Type of Finding:

Material Weakness in Internal Control over Financial Reporting and Compliance

Condition:

During our audit, we noted that 3 of 20 payments to vendors tested were paid late, wherein payments were made 60 days or more past the invoice date. This was a finding reported in FY 2022.

Sample No.	Check date	Invoice date	Days Passed
2	7/14/2022	4/1/2022	96
3	9/1/2022	6/1/2022	78
11	12/8/2022	5/1/2021	585

Criteria or specific requirements:

The City's internal control structure should allow for corrective actions on reported findings to be completed within a reasonable period.

Effect:

Previously reported weaknesses in internal control over financial reporting and compliance have not been corrected.

Cause:

Corrective actions were not completed.

Repeat Finding:

Yes, see Summary Schedule of Prior Year Audit Findings 2022-001 and 2022-002.

Recommendation:

We recommend that the City prioritize the completion of corrective actions over reported findings.

Views of responsible officials and planned corrective actions:

During FY2023-2024, the City has procured a new financial system and is in the early stages of the conversion. Dedicated emails for invoices have been established for Public Works, Economic Development and Finance Departments.

Under the new system, all invoices will go directly to the Finance Department, and processed approvals will be done via a workflow in the new system.

The City has also implemented a late justification form that has to be submitted to finance with all late invoices.

**Section III – Federal Award Findings**

**Finding No. SA 2023-001 – Reporting**

*Federal Assistance Listing Number:* 14.218  
*Federal Program Title:* Community Development Block Grants/  
 Entitlement Grants  
*Federal Agency:* U.S. Department of Housing and Urban Development  
*Award Period:* July 1, 2022 to June 30, 2023

Criteria:

Per OMB Compliance Supplement and Compliance and Reporting Guidelines issued by the U.S. Department of Housing and Urban Development for the Community Development Block Grants/Entitlement Grants, the Quarterly Report submission deadlines are as follows:

- PR29 - IDIS Cash on Hand Quarterly Report - Due on or before the 30th of the month following the end of each quarter.
- Quarterly Performance Report - Due within 10 days of the quarter ending date.

Condition:

The City was unable to meet the Quarterly Report Timeline of the following reports:

Required Report	Frequency	Period End	Due Date	Date Submitted	Lag in Days
Housing Rights Center	Quarterly	September 30, 2022	10/10/2022	11/10/2022	31
Housing Rights Center	Quarterly	December 31, 2022	1/10/2023	8/17/2023	219
Housing Rights Center	Quarterly	March 31, 2023	4/10/2023	8/17/2023	129
Housing Rights Center	Quarterly	June 30, 2023	7/10/2023	8/17/2023	38

Cause:

The vendors were late in submitting reports and invoices.

Effect:

Delayed/late and non-submission of the report is considered non-compliance with the program requirements.

Questioned Costs:

None.

Repeat Finding:

No.

Recommendation:

We recommend that the City strictly follow the deadline for reporting submission set forth by the U.S. Department of Housing and Urban Development.

Views of responsible officials and planned corrective actions:

The City hired an additional accountant on July 1, 2023, to oversee all of the Economic Development grants. This accountant is responsible for the review of all reporting and submission.

**Finding No. SA 2023-002 – Procurement**

<i>Federal Assistance Listing Number:</i>	21.027
<i>Federal Program Title:</i>	Coronavirus State and Local Fiscal Recovery Funds
<i>Federal Agency:</i>	U.S. Department of Treasury
<i>Award Period:</i>	July 1, 2022 to June 30, 2023

Criteria or Specific Requirements:

2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award require that Contracts be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered.

Condition:

Based on our review of subjective scoring sheets completed by members of a selection panel for one request for qualifications (RFQ) process, we noted that the project was awarded to the consultant with the lower cumulative score. Additionally, upon review of the staff report for the project, we noted that the staff report indicated there were 4 members on the selection panel, yet we were provided with 5 scoring sheets.

Upon inquiry of why the consultant with the lower score was selected and why fewer members of the selection committee were indicated on the staff report than what was expected (based on the number of scoring sheets provided), we were informed that one scoring sheet was excluded from the staff report because it was considered to be an outlier. The exclusion of this scoring sheet resulted in the consultant selected having a higher cumulative score.

We were subsequently informed by management that this is the same contract mentioned in finding 2022-005 in the 2022 Single Audit report. This finding is repeated this year as there were disbursements made from the said contract during the FY 2022-2023. We selected four additional scoring sheets to test and noted that the number of members of the selection panel agrees with the number of scoring sheets provided.

Cause:

The scoring sheet of one selection panel member was excluded from the RFQ results presented to the City Council.

Effect:

Incomplete information was presented to the City Council for the selection of the consultant for the project.

Questioned Costs:

None.

Repeat finding:

Yes, see Summary Schedule of Prior Year Audit Findings 2022-005.

Recommendation:

We recommend that unaltered results of RFQ procedures be presented to the City Council. If staff believes there are reasons why a consultant, other than the one with the highest cumulative score should be selected, they may present their recommendation to select the consultant with a lower score to City Council.

Views of responsible officials and planned corrective actions:

This has been corrected. The Contracts and Procurement Manager reviews all RFPs and RFQs and is present during the evaluation review.

**Finding No. SA 2023-003 – Suspension and Debarment**

<i>Federal Assistance Listing Number:</i>	21.027
<i>Federal Program Title:</i>	Coronavirus State and Local Fiscal Recovery Funds
<i>Federal Agency:</i>	U.S. Department of Treasury
<i>Award Period:</i>	July 1, 2022 to June 30, 2023

Criteria or Specific Requirements:

2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* require compliance with the provisions of procurement, suspension, and debarment. The City should have internal controls designed to ensure compliance with those provisions.

Condition:

The City was unable to provide evidence that the suspension and debarment status of vendors was checked prior to entering into purchasing contracts.

Cause:

Procedures were not in place to retain evidence of debarment status checks.

Effect:

The City is unable to prove that debarment checks took place prior to entering into purchasing contracts.

Questioned Costs:

None.

Repeat finding:

Yes, see Summary Schedule of Prior Year Audit Findings 2022-006.

Recommendation:

We recommend that management review its procedures for retaining evidence of debarment status checked prior to entering into purchase agreements.

Views of responsible officials and planned corrective actions:

As it pertains to purchases supported by Federal funding, each department is required to obtain supporting documentation that the vendor has not been suspended or disbarred prior to the purchase of the product or service.

**Finding No. SA 2023-004 – Reporting**

<i>Federal Assistance Listing Number:</i>	21.027
<i>Federal Program Title:</i>	Coronavirus State and Local Fiscal Recovery Funds
<i>Federal Agency:</i>	U.S. Department of Treasury
<i>Award Period:</i>	July 1, 2022 to June 30, 2023

Criteria:

As a best practice, a supervisory-level person, other than the preparer of a report, should review reports to ensure the accuracy and completeness of data and information in the reports.

Condition:

Program reports were prepared and reviewed by the same individual.

Cause:

Controls were not properly designed to assign someone other than the preparer of the reports to review them.

Effect:

Errors in reporting could go undetected.

Questioned Costs:

None.

Repeat finding:

Yes, see Summary Schedule of Prior Year Audit Findings 2022-007.

Recommendation:

We recommend that reports be reviewed by a supervisory-level person who is not the preparer of the reports.

Views of responsible officials and planned corrective actions:

New procedures have been established to ensure the separation of duties and responsibilities between the individuals who prepare grant reporting and the individuals who review the reports starting FY2024. The accounting manager gathers the data and prepares the grant reporting and then the Finance Director reviews and approves the reporting before it is submitted.

**City of El Monte**  
**Summary Schedule of Prior Audit Findings**  
**Year ended June 30, 2023**

**Financial Statement Finding**

Finding No.	Finding Description	Recommendation	Current Status
2022-001	Failure to Implement Corrective Actions (Material Weakness)	We recommend that the City prioritize the completion of corrective actions over reported findings.	Not yet Implemented.
2022-002	Timely Processing of Cash Disbursements (Material Weakness)	<p>We offer the following recommendations to help the city reduce the number of late payments:</p> <p><i>1) Have Invoices Sent Directly to Accounts Payable</i> – So that the accounts payable department can exercise more control over the disbursement process, we recommend that all invoices be sent directly to the accounts payable department where they can be entered into the accounts payable system and monitored.</p> <p><i>2) Establish a Dedicated Email Address for Receipt of Invoices</i> – We suggest the establishment of an email address dedicated to receiving only invoices. Access to the dedicated email address should be limited to accounts payable and appropriate management, but in no instance should a vendor send an invoice directly to an individual. It will take some time to educate vendors to exclusively use the dedicated email address. Emphasize to vendors that continued use of addresses other than the dedicated invoice email address will delay the payment process. This will eventually improve efficiency and minimize the risk of individuals losing invoices commingled with other emails or processing delays if individuals are not available.</p>	Not yet Implemented.

**City of El Monte**  
**Summary Schedule of Prior Audit Findings**  
**Year ended June 30, 2023**

Finding No.	Finding Description	Recommendation	Current Status
		<p>3) <i>Enter Disputed Invoices into Accounts Payable</i> – Currently, invoices that are being disputed with the vendor are not entered into accounts payable until the disputes are resolved. In order to keep track of these invoices, we recommend that they be entered into the accounts payable system when they are received, and a notation made that they are not to be paid until the dispute is resolved.</p>	
2022-003	Purchasing Procedures (Material Weakness)	<p>We recommend that the City create a formalized vendor approval process and restrict purchases to approved vendors. Additionally, we recommend that the City emphasize to approved vendors that an approved purchase order must be provided at the time of purchase in order to receive payment. Additionally, official communication should be sent to departments that are found to be out of compliance with the purchasing policies notifying them that purchase orders must be created prior to purchase. Control over implementing these procedures may best be achieved by establishing centralized purchasing.</p>	Not yet Implemented.
2022-004	Request for Qualification Procedures (Material Weakness)	<p>We recommend that unaltered results of RFQ procedures be presented to the City Council. If staff believes there are reasons why a consultant, other than the one with the highest cumulative score should be selected, they may present their recommendation to select the consultant with a lower score to City Council.</p>	Not yet Implemented.

**City of El Monte**  
**Summary Schedule of Prior Audit Findings**  
**Year ended June 30, 2023**

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**Compliance and Other Matters**

<b>Finding No.</b>	<b>Finding Description</b>	<b>Recommendation</b>	<b>Current Status</b>
2022-005	Procurement (Material Weakness)	We recommend that unaltered results of RFQ procedures be presented to the City Council. If staff believes there are reasons why a consultant, other than the one with the highest cumulative score should be selected, they may present their recommendation to select the consultant with a lower score to City Council.	Implemented.
2022-006	Suspension and Debarment (Significant Deficiency)	We recommend that management review its procedures for retaining evidence of debarment status checked prior to entering into purchase agreements.	Not yet Implemented.
2022-007	Reporting (Significant Deficiency)	We recommend that reports be reviewed by a supervisory-level person who is not the preparer of the reports.	Not yet Implemented.



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