

CITY OF SAN DIEGO
Federal Single Audit Reports
For the Year Ended June 30, 2016



Certified
Public
Accountants

**CITY OF SAN DIEGO
Federal Single Audit Report**

For the Year Ended June 30, 2016

Table of Contents

	<i>Page</i>
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 <i>Government Auditing Standards</i>	1
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	3
Schedule of Expenditures of Federal Awards.....	6
Notes to the Schedule of Expenditures of Federal Awards.....	11
Schedule of Findings and Questioned Costs	14
Summary Schedule of Prior Audit Findings	21
Corrective Action Plan	23



**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***

To the Honorable Mayor and Members of the
City Council of the City of San Diego
San Diego, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Diego, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 6, 2016. Our report includes an emphasis of a matter related to the City’s adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our report also includes a reference to other auditors who audited the financial statements of the San Diego Housing Commission, a discretely presented component unit, 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.

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 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 of 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 is 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 result 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.

Macias Gini & O'Connell LLP

San Diego, California
December 6, 2016



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

To the Honorable Mayor and Members of the
City Council of the City of San Diego
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited the City of San Diego, 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, 2016. 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 San Diego Housing Commission (SDHC), which expended \$175,661,152 in federal awards which is not included in the City’s schedule of expenditures of federal awards for the year ended June 30, 2016. Our audit, described below, did not include the operations of SDHC because SDHC 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 its 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-003. Our opinion on each major federal program is not modified with respect to this matters.

The City's response to the noncompliance finding 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.

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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, and 2016-003 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the 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 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 6, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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.



San Diego, California
March 28, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF SAN DIEGO
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-through Entity/Federal Program Name	Grant/Pass-through Number	Federal CFDA No.	Federal Expenditures	Pass-through Amounts to Subrecipients
U.S. Department of Commerce				
<u>Direct Programs</u>				
Economic Adjustment Assistance:				
San Diego Regional Revolving Loan Fund	07-79-05269 07-39-03351 & 07-49-02681.76	11.307	\$ 1,129,257	\$ -
Small Business Micro Revolving Loan Fund		11.307	826,309	-
Total Economic Adjustment Assistance			<u>1,955,566</u>	<u>-</u>
Total U.S. Department of Commerce			\$ 1,955,566	-
U.S. Department of Housing and Urban Development				
<u>Direct Programs</u>				
Community Development Block Grants/Entitlement Grants	*	14.218	11,625,437	8,623,965
Emergency Solutions Grant Program	*	14.231	1,094,073	1,079,396
Home Investment Partnerships Program	*	14.239	4,298,613	4,242,775
Lead-Based Paint Hazard Control in Privately-Owned Housing	CALHB0572-14	14.900	483,489	30,369
Total U.S. Department of Housing and Urban Development			17,501,612	13,976,505
U.S. Department of the Interior				
<u>Passed Through County of San Diego</u>				
National Wildlife Refuge Fund		15.659	1,072	-
Subtotal Passed Through County of San Diego			<u>1,072</u>	<u>-</u>
<u>Passed Through State Department of Parks and Recreation</u>				
Historic Preservation Fund Grants-In-Aid	P15AF00029	15.904	23,697	-
Subtotal Passed Through State Department of Parks and Recreation			<u>23,697</u>	<u>-</u>
Total U.S. Department of the Interior			24,769	-
U.S. Department of Justice				
<u>Direct Programs</u>				
Law Enforcement Assistance - FBI Crime Laboratory Support	15-0200-0-1-751	16.301	4,920	-
Missing Children's Assistance	2015-MC-FX-K037	16.543	268,186	-
Public Safety Partnership and Community Policing Grants	2010CKWX0097	16.710	(3,340)	-
Edward Byrne Memorial Justice Assistance Grant Program	*	16.738	1,087,791	156,288
DNA Backlog Reduction Program	*	16.741	353,045	-
Recovery Act - Internet Crimes Against Children Task Force Program (ICAC)	2012-MC-FX-K005	16.800	296,658	-
Equitable Sharing Program	CA0371100	16.922	848,658	-
Subtotal Direct Programs			<u>2,855,918</u>	<u>156,288</u>
<u>Passed Through California Governor's Office of Emergency Service:</u>				
Paul Coverdell Forensic Sciences Improvement Grant Program	*	16.742	31,345	-
Subtotal Passed Through California Governor's Office of Emergency Service:			<u>31,345</u>	<u>-</u>
<u>Passed Through San Diego Association of Governments</u>				
Smart Prosecution Initiative	5004789	16.825	15,637	-
Subtotal Passed Through San Diego Association of Governments			<u>15,637</u>	<u>-</u>
Total U.S. Department of Justice			2,902,900	156,288
U.S. Department of Transportation				
<u>Direct Program</u>				
Airport Improvement Program	*	20.106	8,407,086	-
Subtotal Direct Program			<u>8,407,086</u>	<u>-</u>
<u>Passed Through San Diego Association of Governments</u>				
Highway Research and Development Program	DTFH61-06-H-00038/ 5001509	20.200	3,259	-
Subtotal Passed Through San Diego Association of Governments			<u>3,259</u>	<u>-</u>
<u>Passed Through State Department of Transportation</u>				
Highway Planning and Construction	*	20.205	1,394,261	148,492
Subtotal Passed Through State Department of Transportation			<u>1,394,261</u>	<u>148,492</u>
Highway Safety Cluster:				
<u>Passed Through California Office of Traffic Safety</u>				
State and Community Highway Safety	PT15105, PT16134	20.600	290,379	-
Subtotal Passed Through California Office of Traffic Safety			<u>290,379</u>	<u>-</u>
<u>Passed Through California Office of Traffic Safety</u>				
National Priority Safety Program:	*	20.616	227,334	-
<u>Passed Through State Department of Alcoholic Beverage Control</u>				
National Priority Safety Program:	*	20.616	12,402	-
Subtotal National Priority Safety Program:			<u>239,736</u>	<u>-</u>
Subtotal Highway Safety Cluster:			<u>530,115</u>	<u>-</u>
<u>Passed Through California Office of Traffic Safety</u>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	PT15105, PT16134	20.608	594,183	-
Subtotal Passed Through California Office of Traffic Safety			<u>594,183</u>	<u>-</u>
Total U.S. Department of Transportation			10,928,904	148,492

* Refer to pages 8-10 of the Schedule of Expenditures of Federal Awards for the listing of direct grant or pass-through numbers.

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

CITY OF SAN DIEGO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor/Pass-through Entity/Federal Program Name	Grant/Pass-through Number	Federal CFDA No.	Federal Expenditures	Pass-through Amounts to Subrecipients
Institute of Museum and Library Services				
<u>Passed through California State Library</u>				
Grants to States	*	45.310	\$ 90,952	\$ -
Total Institute of Museum and Library Services			\$ 90,952	-
U.S. Environmental Protection Agency				
<u>Direct Program</u>				
Brownfields Assessment and Cleanup Cooperative Agreements	00T52401	66.818	131,289	-
Subtotal Direct Program			131,289	-
<u>Passed Through California State Water Resources Control Board</u>				
Capitalization Grants for Drinking Water State Revolving Funds	*	66.468	1,711,238	-
Subtotal Passed Through California State Water Resources Control Board			1,711,238	-
Total U.S. Environmental Protection Agency			1,842,527	-
U.S. Department of Health and Human Services				
<u>Passed Through the County of San Diego</u>				
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	550903	93.757	338,795	-
Total U.S. Department of Health and Human Services			338,795	-
Executive Office of the President				
<u>Passed Through the County of San Diego</u>				
High Intensity Drug Trafficking Areas Program	*	95.001	202,640	-
Total Executive Office of the President			202,640	-
U.S. Department of Homeland Security				
<u>Direct Program</u>				
National Urban Search and Rescue (US&R) Response System	*	97.025	904,060	-
Subtotal Direct Program			904,060	-
<u>Passed Through the County of San Diego</u>				
Emergency Management Performance Grants	*	97.042	187,689	-
Subtotal Passed Through County of San Diego			187,689	-
<u>Passed Through the County of San Diego</u>				
Homeland Security Grant Program	*	97.067	648,668	-
<u>Passed Through California Governor's Office of Emergency Services</u>				
Homeland Security Grant Program	*	97.067	18,673,832	7,241,577
Subtotal Homeland Security Grant Program			19,322,500	7,241,577
Total U.S. Department of Homeland Security			20,414,249	7,241,577
			\$ 56,202,914	\$ 21,522,862

* Refer to pages 8-10 of the Schedule of Expenditures of Federal Awards for the listing of direct grant or pass-through numbers.

CITY OF SAN DIEGO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

CFDA Number/Federal Program Name/Grant Number	Federal Expenditures
CFDA No. 14.218 - Community Development Block Grants/Entitlement Grants Direct Program Grant Numbers	
B-12-MC-060542	\$ (10,323)
B-13-MC-060542	197,623
B-14-MC-060542	5,660,851
B-15-MC-060542	5,777,286
Subtotal Community Development Block Grants/Entitlement Grants	\$ 11,625,437
CFDA No. 14.231 - Emergency Solutions Grant Program Direct Program Grant Numbers	
E-13-MC-06-0542	\$ 11,201
E-14-MC-06-0542	163,337
E-15-MC-06-0542	919,535
Subtotal Emergency Solutions Grant Program	\$ 1,094,073
CFDA No. 14.239 - Home Investment Partnerships Program Direct Program Grant Numbers	
M-11-MC-06-0533	\$ 396,200
M-12-MC-06-0533	3,424,966
M-13-MC-06-0533	109,047
M-14-MC-06-0533	318,436
M-15-MC-06-0533	49,964
Subtotal Home Investment Partnerships Program	\$ 4,298,613
CFDA No. 16.738 - Edward Byrne Memorial Justice Assistance Grant Program Direct Program Grant Numbers	
2012-DJ-BX-0470	\$ 173,744
2013-DJ-BX-0752	211,263
2014-DJ-BX-0301	393,838
2015-DJ-BX-0170	308,946
Subtotal Edward Byrne Memorial Justice Assistance Grant Program	\$ 1,087,791
CFDA No. 16.741 - DNA Backlog Reduction Program Direct Program Grant	
2013-DN-BX-0078	\$ 112,165
2014-DN-BX-0017	141,563
2015-DN-BX-0062	99,317
Subtotal DNA Backlog Reduction Program	\$ 353,045
CFDA No. 16.742 - Paul Coverdell Forensic Sciences Improvement Grant Program Pass-Through Numbers	
CQ14107919	\$ 13,848
CQ15117919	17,497
Subtotal Paul Coverdell Forensic Sciences Improvement Grant Program	\$ 31,345
CFDA No. 20.106 - Airport Improvement Program Direct Program Grant Numbers	
3-06-0211-015-2012	\$ 2,207,793
3-06-0213-016-2012	170,217
3-06-0211-016-2014	2,334,683
3-06-0213-017-2015	3,694,393
Subtotal Airport Improvement Program	\$ 8,407,086

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

CITY OF SAN DIEGO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

CFDA Number/Federal Program Name/Grant Number	Federal Expenditures
CFDA No. 20.205 - Highway Planning and Construction Pass-Through Grant Numbers	
BHLO-5004(068)	\$ 182,068
BHLS-5004(049)	700,828
BPMPPL-5004(188)	5,396
BPMPPL-5004(189)	28,966
BPMPPL-5004(195)	18,461
BRLO-5004(009)	39,807
BRLS-5004(193)	(34,424)
CML-5004(131)	102,132
HPLU-5004(168)	2,760
HPLU-5004(177)	582
HPLUL-5004(187)	214,177
HSIPL-5004(186)	(102,744)
HSIPL-5004(194)	61,014
SRTSLNI-5004(190)	68,569
SRTSLNI-5004(191)	105,610
STPLZ-5004(040)	1,059
Subtotal Highway Planning and Construction	\$ 1,394,261
CFDA No. 20.616 - National Priority Safety Programs Pass-Through Grant Numbers	
DI1518	\$ 58,626
DI15617	168,708
Subtotal California Office of Traffic Safety	227,334
14-MPG17	12,402
Subtotal State Department of Alcoholic Beverage Control	12,402
Subtotal National Priority Safety Programs	\$ 239,736
CFDA No. 45.310 - Grants to States Pass-Through Grant Numbers	
LS-00-15-0005-15/40-8526	\$ 75,952
LS-00-15-0005-15/40-8587	10,000
LS-00-15-0005-15/40-8588	5,000
Subtotal Grants to States	\$ 90,952
CFDA No. 66.468 - Capitalization Grants for Drinking Water State Revolving Funds Pass-Through Grant Numbers	
SRF12C103	\$ 1,619,505
SRF12CX103	91,733
Subtotal Capitalization Grants for Drinking Water State Revolving Funds	\$ 1,711,238
CFDA No. 95.001 - High Intensity Drug Trafficking Areas Program Pass-Through Grant Numbers	
G15SC0001A	\$ 102,151
G16SC0001A	100,489
Subtotal High Intensity Drug Trafficking Areas Program	\$ 202,640
CFDA No. 97.025 - National Urban Search and Rescue (US&R) Response System Direct Program Grant Numbers	
EMW-2013-CA-USR-0009	\$ 12,900
EMW-2014-CA-K00042-S01	460,104
EMW-2015-CA-00029	431,056
Subtotal National Urban Search and Rescue (US&R) Response System	\$ 904,060
CFDA No. 97.042 - Emergency Management Performance Grants Pass-Through Grant Numbers	
2014-0070/073-00000	3,344
2015-0049/073-00000	184,345
Subtotal Emergency Management Performance Grants	\$ 187,689

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

CITY OF SAN DIEGO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

CFDA Number/Federal Program Name/Grant Number	Federal Expenditures
CFDA No. 97.067 - Homeland Security Grant Program Pass-Through Grant	
2014-00093/073-00000	\$ 286,767
2014-0093/073-91015	120,567
2015-00078/073-00000	241,334
Subtotal County of San Diego	648,668
2013-00110/073-66000	1,149,572
2014-00093/073-66000	14,779,743
2015-00078/073-66000	2,744,517
Subtotal California Governor's Office of Emergency Services	18,673,832
Subtotal Homeland Security Grant Program	\$ 19,322,500

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF SAN DIEGO
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note 1 – General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of San Diego, California (the City). The SEFA excludes the federal award programs of the San Diego Housing Commission (refer to Note 5). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California (State), are included in the SEFA. The City's reporting entity is defined in Note 1(a) in the notes to the City's basic financial statements. The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The negative amount of \$3,340 reported in the SEFA for the Public Safety Partnership and Community Policing Grants (CFDA No. 16.710) represents a transfer of prior year expenditures from a federal grant to a state grant. The negative amounts of \$10,323 and \$102,744 reported for the Community Development Block Grants/Entitlement Grants (CFDA No. 14.218) for grant number B-12-MC-060542 and the Highway Planning and Construction program (CFDA No. 20.205) for grant number HSIPL-5004 (186), respectively, represents expenditures previously claimed for reimbursement and reported as expenditures in the SEFA of a prior year, but were ultimately disallowed and not reimbursed by the funding agency. The negative amount of \$34,424 reported for the Highway Planning and Construction program (CFDA No. 20.205) related to grant number BRLS-5004 (193) represents expenditures incurred and reported in the SEFA of a prior year, originally planned to be funded by the grant, but subsequently funded by another funding source.

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1(c) in the notes to the City's basic financial statements.

Note 3 – Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 4 – Relationship to the Financial Statements

Expenditures of federal awards are reported in the City's basic financial statements as expenditures/expenses in the General Fund, nonmajor special revenue funds, nonmajor capital project funds, and enterprise funds.

Note 5 – San Diego Housing Commission (Discrete Component Unit) Federal Expenditures

The San Diego Housing Commission (SDHC) federal expenditures of \$175,661,152 are excluded from the City's SEFA because the SDHC federal expenditures are separately audited by other auditors and reported in a separate single audit report.

CITY OF SAN DIEGO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Note 6 – Economic Adjustment Assistance Program (CFDA No. 11.307)

In accordance with guidance provided by the U.S. Department of Commerce contained in the *OMB Compliance Supplement*, the City has reported federal award expenditures of \$1,955,566 in the SEFA for the Economic Adjustment Assistance program. Expenditures reported in the SEFA were calculated as follows:

Revolving Loan Fund (RLF) Program Name	San Diego Regional RLF	Small Business Micro RLF
Grant Award Number	07-79-05269	07-39-03351 and 07-49-02681.76
Revolving Loan Funds (RLF) Outstanding as of June 30, 2016	\$ 1,288,601	\$ 429,573
Cash and investment balance in the RLF as of June 30, 2016	963,926	718,012
Administrative expenses paid out of RLF income during the year ended June 30, 2016	5,987	66
Unpaid principal of loans written off during the ended June 30, 2016	-	-
Subtotal	2,258,514	1,147,651
Calculated grant rate (rounded)	50%	72%
Economic Adjustment Assistance Revolving Loan Fund Grant federal award expenditures for the year ended June 30, 2016	\$ 1,129,257	\$ 826,309

CITY OF SAN DIEGO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Note 7 – California Governor’s Office of Emergency Services (CalOES) Grants

The following represents expenditures using the modified basis of accounting for the CalOES programs for the year ended June 30, 2016. The amount reported in the SEFA is determined by calculating the federal portion of the current year expenditures.

<u>Program Title, CFDA, and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual Non-match</u>	<u>Actual Total</u>	<u>Variance</u>
Federal Grant:					
Paul Coverdell Forensic Sciences Improvement Grant Program - CFDA No. 16.742	CQ-14-10-7919				
Operating expenses		<u>\$ 16,829</u>	<u>\$ 13,848</u>	<u>\$ 13,848</u>	<u>\$ 2,981</u>
Paul Coverdell Forensic Sciences Improvement Grant Program - CFDA No. 16.742	CQ-15-11-7919				
Operating expenses		<u>\$ 31,278</u>	<u>\$ 17,497</u>	<u>\$ 17,497</u>	<u>\$ 13,781</u>
State Grant:					
Internet Crimes Against Children	IC-14-06-7919				
Operating expenses		\$ 21,803	\$ 4,127	\$ 4,127	\$ 17,676
Personnel costs		7,556	1,321	1,321	6,235
Total		<u>\$ 29,359</u>	<u>\$ 5,448</u>	<u>\$ 5,448</u>	<u>\$ 23,911</u>
Internet Crimes Against Children	IC-15-07-7919				
Operating expenses		\$185,140	\$ 133,545	\$133,545	\$ 51,595
Personnel costs		14,860	12,357	12,357	2,503
Total		<u>\$200,000</u>	<u>\$ 145,902</u>	<u>\$145,902</u>	<u>\$ 54,098</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF SAN DIEGO
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

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

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

CFDA Number	Federal Program Name
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing
20.106	Airport Improvement Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds
97.025	National Urban Search and Rescue (US&R) Response System

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,686,087
Auditee qualified as low-risk auditee?	Yes

CITY OF SAN DIEGO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

Reference Number:	2016-001
Category of Finding:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency
Federal Program Title:	National Urban Search and Rescue (US&R) Response System
Federal Catalog Number:	97.025
Federal Agency:	U.S. Department of Homeland Security
Federal Award Numbers and Years:	EMW-2013-CA-USR-0009; (2013) EMW-2014-CA-K00042-S01; (2014) EMW-2015-CA-00029; (2015)

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C—Auditees, §.300 Auditees Responsibilities

The auditee shall:

- (b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on each of its federal programs.

Title 2 – Grants and Agreements, Subtitle A – Office of Management and Budget Guidance for Grants and Agreements, Chapter II – Office of Management and Budget Guidance, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D – Post Federal Award Requirements, Standards for Financial and Program Management, §200.303 Internal Controls

The non-Federal entity must:

- (a) 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).

The control objective related to the activities allowed or unallowed and allowable cost/cost principles compliance requirements is to provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with applicable cost principles.

CITY OF SAN DIEGO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Condition:

During our testing of controls over compliance with the activities allowed or unallowed and allowable cost/cost principles compliance requirement, we noted deviations from the City of San Diego Fire-Rescue Department's (Fire-Rescue Department) established internal controls. Per inquiry with the Fire-Rescue Department, invoices for direct costs related to equipment, training or contracts are received by the Program Manager for review and approval and forwarded to the Fiscal Division for review, approval, and payment processing.

In 6 out of 60 instances tested, there was no evidence that review and approval of invoices was actually performed by the Fire-Rescue Department's Program Manager or the Fiscal Division. Although there was a lack of evidence to support that the proper review and approvals actually occurred, there was no noncompliance noted.

Identification as a Repeat Finding:

Finding 2015-001 was reported in the immediate prior year.

Cause:

Internal controls over compliance as designed by the Department were not fully implemented. The Fire-Rescue Department revised its process for expenditure transaction approval as corrective action to the prior year finding. However, the corrective action plan was not implemented until July 2017.

1. The control requiring review and approval of expenditures by the Program Manager for allowability does not appear to be operating as designed, as there was no evidence to support the review and approval by the Program Manager.
2. The control requiring expenditures to be reviewed and approved by the Fiscal Division prior to submission to the Office of the City Comptroller's (Comptroller) for payment processing was not consistently followed.

Effect:

Without the proper review and approval process, the Fire-Rescue Department may authorize and charge activities and costs to the federal program which are ultimately not allowable in accordance with the program requirements and the applicable cost principles.

Questioned Costs:

There are no questioned costs.

Context:

The Comptroller's Office has an established policy regarding the processing of invoice transactions for all City departments.

Both the Program Manager and Fiscal Division of the Fire-Rescue Department should verify that purchases and invoices received by the operating department obtains the proper approval for payment. An approver in both the program and fiscal units of the Fire-Rescue Department need to verify the accuracy and allowability of the purchases and expenditures prior to submission to the Comptroller's Office for payment. The Fire-Rescue Department administrator completes the transaction entry into the City's SAP GL system once approvals have been verified then forwards the transaction to the Comptroller's Office for payment processing.

CITY OF SAN DIEGO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Although there was no noncompliance noted regarding allowable activities and allowable costs charged to the program, the Fire-Rescue Department needs to ensure that there is proper evidence to support the effective implementation of the established controls and they are operating as designed. There were other complimentary controls such as Fire-Rescue Department verbal approvals and Comptroller's Office review and approval that mitigated the risk of noncompliance.

Recommendation:

The Fire-Rescue Department needs to consistently adhere to its established internal controls that have been designed regarding the review, approval, and processing of invoices. All expenditures charged against the federal program should be reviewed by the Program Manger and then reviewed by the Fiscal Division to ensure the expenditure is authorized per the Grant Budget and represents an allowable activity and cost.

The Fire-Rescue Department created a process narrative titled Management of the Urban Search & Rescue (US&R) Cooperative Agreement, approved on June 29, 2016, which includes identified controls over the expenditure approval process.

Views of Responsible Officials:

Management agrees with the recommendation. The Fire-Rescue Department established a Process Narrative on June 29, 2016 to document the process to ensure internal controls are in place to verify that all costs charged to the grants meet the allowability requirements of the grant. The Process Narrative has been implemented. The Fire-Rescue Department also collaborates with the Comptroller's Office to ensure proper adherence with City-wide internal controls and accounting practices.

Reference Number:	2016-002
Category of Finding:	Reporting
Type of Finding:	Significant Deficiency
Federal Program Title:	National Urban Search and Rescue (US&R) Response System
Federal Catalog Numbers:	97.025
Federal Agency:	U.S. Department of Homeland Security
Federal Award Numbers and Years:	EMW-2013-CA-USR-0009; (2013) EMW-2014-CA-K00042-S01; (2014) EMW-2015-CA-00029; (2015)

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C—Auditees, §.300 Auditees Responsibilities

The auditee shall:

- (b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on each of its federal programs.

Title 2 – Grants and Agreements, Subtitle A – Office of Management and Budget Guidance for Grants and Agreements, Chapter II – Office of Management and Budget Guidance, Part 200 – Uniform Administrative

CITY OF SAN DIEGO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D – Post Federal Award Requirements, Standards for Financial and Program Management, §200.303 Internal Controls

The non-Federal entity must:

- (a) 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).

The control objectives related to reporting is to provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Condition:

During our review of submitted quarterly SF-425 Financial Reports and Semi-Annual Performance Reports, we noted a lack of support for the established internal control procedures as designed by the Fire-Rescue Department.

1. Quarterly SF-425 Financial Reports are to be reviewed and approved by the Supervising Management Analyst in the Fiscal Division of the Fire-Rescue Department. For the three (3) SF-425 reports tested, the Fire-Rescue Department was unable to provide evidence that the reports were reviewed and approved prior to submission.
2. For the two (2) Semi-Annual Performance Reports tested there was no evidence to support that the Comptroller’s Office had reviewed and approved the report prior to submission. The Comptroller’s Office has established and communicated City-wide, when reports include financial information, operating departments should submit the reports to the Comptroller’s Office before final submission to ensure the completeness and accuracy.

Identification as a Repeat Finding:

Finding 2015-002 was reported in the immediate prior year.

Cause:

Based upon discussion with the Fire-Rescue Department’s Fiscal Division Manager, the quarterly SF-425 Financial Reports are reviewed and approved by the Supervising Management Analyst. However, the review and approval for report submission is provided verbally to the Supervising Management Analyst before the financial reports are submitted to the Comptroller’s Office for their approval. Hence, we could not substantiate whether the review and/or approval actually occurred.

The Comptroller’s Office policy requires all grant reports that include fiscal amounts to be submitted to the Comptroller’s Office for review prior to submission to the federal agency. There is no control in place to ensure review by Comptroller’s Office for reports, other than SF-425, containing financial information prior to report submission.

Effect:

The possible effect due to the lack of review and approval of the submission of the Quarterly SF-425 Financial Reports and Semi-Annual Performance Reports is that inaccurate and incomplete information is being reported to the federal awarding agency.

CITY OF SAN DIEGO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Questioned Costs:

There are no questioned costs.

Context:

The Fire-Rescue Department submitted twelve (12) SF-425 Quarterly Financial Reports and six (6) Semi-Annual Performance Reports during the year ended June 30, 2016.

Recommendation:

The Fire-Rescue Department created a process narrative titled Management of the Urban Search & Rescue (US&R) Cooperative Agreement, approved on June 29, 2016, which includes identified controls over the preparation and submission of the Quarterly SF-425 Financial Reports and Semi-Annual Performance Reports.

We recommend that the Fire-Rescue Department management monitor and ensure preparation and review of the financial and performance reports follows its established process narrative, thus validating that the controls have been implemented as designed.

Views of Responsible Officials:

Management agrees with the recommendation. The Fire-Rescue Department established a Process Narrative on June 29, 2016 to document the formal review process for Quarterly Financial Reports and Semi-Annual Financial Reporting submission. The Process Narrative has been implemented.

Reference Number:	2016-003
Category of Finding:	Reporting
Type of Finding:	Significant Deficiency

Federal Program Title:	Lead-Based Paint Hazard Control in Privately-Owned Housing Program
-------------------------------	---

Federal Catalog Number:	14.900
--------------------------------	---------------

Federal Agency:	U.S. Department of Housing and Urban Department (HUD)
------------------------	--

Federal Award Number and Year:	CALHB0572-14; (2014)
---------------------------------------	-----------------------------

Criteria:

Title 24 – Housing and Urban Development, Subtitle A – Office of the Secretary, Department of Housing and Urban Development, Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, Subpart C – Post-Award Requirements - Reports, Records, Retention, and Enforcement §85.41 – Financial Reporting

(b) *Financial Status Report*

(4) HUD requires recipients to submit the federal financial report (original and two copies), not later than 30 days after the end of each specified reporting period for quarterly and semiannual reports and 90 days for annual reports.

U.S. Department of Housing and Urban Development, Office of Administration, Instrument Number CALHB0572-14, Terms and Conditions for FY 2014 Grants and Cooperative Agreements

C. Changes to Reporting – Transparency Act Reporting – 1. Recipient Reporting to Meet the Requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006 (FFATA), as amended.

a. Prime Awardee Reporting. Prime recipients of HUD financial assistance are required to report subawards made either as pass-through awards, subrecipient awards, or vendor awards in the federal government-wide website <https://www.fhrs.gov> or its successor system. Prime financial

CITY OF SAN DIEGO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

assistance awardees receiving funds directly from HUD are required to report subawards and executive compensation information both for the prime award and subawards, including awards made as pass-through awards or awards to vendors, where both the initial award is \$25,000 or greater or the cumulative award will be \$25,000 or greater if funding incrementally as directed by HUD in accordance with OMB guidance. The reporting of award and subaward information is in accordance with the requirements of the FFATA, as amended by section 6202 of Public Law 110-252, and OMB Guidance issued to the Federal agencies on September 14, 2010 (75 FR 55669) and in OMB Policy Guidance. The prime awardee will have until the end of the month plus one additional month after a subaward or pass-through award is obligated to fulfill the reporting requirement.

Condition:

Out of two (2) quarterly Federal Financial Reports tested, we noted that one report was submitted subsequent to the HUD required due date of 30 days after the end of the reporting period. The financial report for the period ended December 31, 2015 was submitted to HUD on May 20, 2016.

Also, the Environmental Services Department (ESD) entered into a subaward contract in June 2015. ESD did not report the first-tier subgrantee information to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) by the end of June 2015.

Cause:

The submittal of the report subsequent to the due date was an oversight by the Program Manager. ESD management was aware of the Federal Funding Accountability and Transparency Act (FFATA) and the requirement of reporting the first-tier subgrantee information to the FSRS, however, the ESD management overlooked that the FFATA reporting requirement was applicable to the Lead-Based Paint Hazard Control in Privately-Owned Housing Program.

Effect:

ESD was not in compliance with the submission due dates required by Section 85.41 of Title 24 of the Code of Federal Regulations and pursuant to the Terms and Conditions of the City's grant award agreement with HUD. There is a risk that current federal financial report and first-tier subcontractor information are not delivered timely to the federal agency.

Questioned Costs:

There are no questioned costs.

Context:

ESD submitted 11 reports and entered into one subgrantee agreement during the year ended June 30, 2016.

Recommendation:

We recommend that internal controls be established to add a reminder for staff concerning the due dates of various financial and programmatic reports. The internal control could be in the form of grant management checklist or calendar reminder. Communication should be strengthened within ESD and between ESD and the Comptroller's Office to ensure that all grant administrative personnel are informed about the status of report submissions.

Views of Responsible Officials:

Environmental Services Department (ESD) management is in agreement with the finding 2016-003.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CITY OF SAN DIEGO
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

Reference Number:	2015-001
Federal Catalog Number:	97.025
Federal Program Name:	National Urban Search and Rescue (US&R) Response System
Federal Agency Name:	U.S. Department of Homeland Security
Audit Finding:	<p>During our testing of controls over compliance with the activities allowed or unallowed and allowable cost/cost principles compliance requirement, we noted deviations from the established internal controls. Per the San Diego Fire-Rescue Department (Department), invoices for direct costs related to equipment, training or contracts are received by the Program Manager for review and approval and then sent to the Fiscal Division for review and approval for payment. There was no evidence that review and approval of invoices was actually performed by the Program Manager and/or the Fiscal Division of the Department. The San Diego Fire-Rescue Department needs to consistently adhere to the established internal controls. We recommend the creation of a checklist or routing slip that can be included with all procurement and expenditure support to ensure authorization is obtained prior to payment processing. Although there was a lack of evidence to support that the proper review and approvals actually occurred, there was no noncompliance noted from the testing performed.</p>
Status of Corrective Action	<p><u>Not Corrected</u>. The Department created a process narrative titled Management of the Urban Search & Rescue Cooperative Agreement. The process narrative was established on June 29, 2016, and implemented. Appropriate review and approvals by both the Program Office and Fiscal Division of the Fire-Rescue Department are now completed prior to making purchases and payments for direct costs.</p>

CITY OF SAN DIEGO
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2016

Reference Number:	2015-002
Federal Catalog Number:	97.025
Federal Program Name:	National Urban Search and Rescue (US&R) Response System
Federal Agency Name:	U.S. Department of Homeland Security
Audit Findings:	<p>During our review of federal cash drawdown requests and submitted quarterly SF-425 Financial Reports and Semi-Annual Performance Reports, we noted a lack of support for the established internal control procedures as designed by the San Diego Fire-Rescue Department (Department). The San Diego Fire-Rescue Department was unable to provide evidence that the reports were approved to prior to submission. The Department should amend the report preparation and submission process to include controls that require a review and approval prior to report submission. Although there was a lack of evidence to support that the proper review and approvals actually occurred, there was no noncompliance noted from the testing performed.</p>
Status of Corrective Action	<p><u>Not Corrected.</u> The Department created a process narrative titled Management of the Urban Search & Rescue Cooperative Agreement. The process narrative was approved on June 29, 2016, and was implemented July 1, 2016. Appropriate review and approvals by the Fiscal Division of the Fire-Rescue Department and Office of the Comptroller are now completed prior to final authorization of grant drawdowns. In addition, the Program Office and Fiscal Division completes review and approval of Semi-Annual Program Reports to ensure completeness and accuracy prior to final submission. Review and approval of the Quarterly Reports are performed by the Program Office and the Fiscal Division of the Fire-Rescue Department, and Comptroller's Office.</p>

CORRECTIVE ACTION PLAN

**CITY OF SAN DIEGO
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

Reference Number:	2016-001
Audit Finding:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Corrective Action:	The City of San Diego Fire-Rescue Department (Fire-Rescue Department) created a process narrative titled Management of the Urban Search & Rescue Cooperative Agreement. The process narrative was established on June 29, 2016. Appropriate review and approvals by both the Program Office and Fiscal Division of the Fire-Rescue Department are now completed prior to making purchases and payments for direct costs.
Estimated Implementation Date:	July 2016
Contact:	Michelle Yamamoto, Assistant to the Fire Chief
Reference Number:	2016-002
Audit Findings:	Reporting
Corrective Action:	The Department created a process narrative titled Management of the Urban Search & Rescue Cooperative Agreement. The process narrative was established on June 29, 2016. Appropriate review and approvals by the Fiscal Division of the Fire-Rescue Department and Office of the City Comptroller (Comptroller) are now completed prior to final authorization of grant drawdowns. In addition, the Program Office and Fiscal Division completes review and approval of Semi-Annual Program Reports to ensure completeness and accuracy prior to final submission. Review and approval of the Quarterly Reports are performed by the Program Office and the Fiscal Division of the Fire-Rescue Department, and the Comptroller's Office.
Estimated Implementation Date:	July 2016
Contact:	Michelle Yamamoto, Assistant to the Fire Chief

**CITY OF SAN DIEGO
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

Reference Number: 2016-003

Audit Finding: Reporting

Corrective Action: Environmental Services Department (ESD), Disposal and Environmental Protection Deputy Director will ensure all reports are submitted within the required time frame using the following procedures:

1) Federal Financial Accounting Transparency Act (FFATA) Reports:

The Grant Program Manager will create recurring monthly reminders using Microsoft Outlook to submit FFATA reports on or before the 20th of each month. The Grant Program Manager will submit the reports on or before the 25th of each month, and will notify ESD Supervising Management Analyst and Disposal and Environmental Protection Deputy Director when each report has been submitted.

ESD Supervising Management Analyst will create a recurring monthly reminder on the 25th of each month to ensure an e-mail notification has been received from the Grant Program Manager indicating the FFATA report has been submitted. In the event the FFATA report is not submitted by close of business on the 25th, the Deputy Director shall be notified immediately.

2) Federal Financial Reports (FFR's)

ESD Grant Administrator will submit the completed FFR to the Grant Program Manager and the Supervising Management Analyst no less than two (2) working days prior to the 30th day after each quarter. The Grant Program Manager will create a recurring quarterly reminder to ensure completed FFRs have been received. The Grant Program Manager will notify the Supervising Management Analyst, the Grant Administrator, the Grant Comptroller and the Disposal and Environmental Protection Deputy Director when the FFR has been submitted to HUD.

Estimated Implementation Date: April 1, 2017

Contact: Michael D. Thompson, Deputy Director