

CITY OF PASADENA, CALIFORNIA
SINGLE AUDIT OF FEDERALLY ASSISTED
GRANT PROGRAMS
YEAR ENDED JUNE 30, 2021



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

Honorable Mayor and
Members of the City Council
of the City of Pasadena
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pasadena, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 19, 2022. Our report includes a reference to other auditors who audited the financial statements of the Pasadena Fire and Police Retirement System, a blended component unit of the City, 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) 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.

Honorable Mayor and
Members of the City Council
of the City of Pasadena

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Irvine, California
January 19, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
of the City of Pasadena
Pasadena, California

Report on Compliance for Each Major Federal Program

We have audited the City of Pasadena's (the 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, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Pasadena Fire and Police Retirement System (the FPRS), a blended component unit of the City, in a Fiduciary Pension Trust Fund. Our audit described below, did not include the operations of FPRS because FPRS engaged other auditors to perform their financial statement audit and FPRS did not report any expenditures of federal awards during the year ended June 30, 2021.

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.

Auditors' 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.

Honorable Mayor and
Members of the City Council
of the City of Pasadena

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, 2021.

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 2021-001 through 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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 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.

Honorable Mayor and
Members of the City Council
of the City of Pasadena

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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003, that we consider to be significant deficiencies.

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

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

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

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 19, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.



CliftonLarsonAllen LLP

Irvine, California
September 21, 2022

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed-through the California Department of Agriculture:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	05-45781	\$ 1,074,048	\$ -
Passed-through the California Department of Health Service:				
Supplemental Nutrition Assistance Program Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16-10156	160,848	-
Total U.S. Department of Agriculture			<u>1,234,896</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Assistance:				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	1,861,610	658,589
COVID 19 - Community Development Block Grant Program	14.218	N/A	1,225,860	-
Subtotal Community Development Block Grant - Entitlement Grants Cluster			<u>3,087,470</u>	<u>658,589</u>
Emergency Solutions Grant Program	14.231	N/A	175,565	124,752
COVID 19 - Emergency Solutions Grant Program	14.231	N/A	1,071,952	871,456
Total Emergency Solutions Grant Program			<u>1,247,517</u>	<u>996,208</u>
HOME Investment Partnerships Program	14.239	N/A	244,812	-
Community Development Block Grant Section 108 Loan Guarantees	14.248	N/A	439,428	-
Continuum of Care Program	14.267	N/A	2,814,993	1,580,837
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	16,496,435	-
COVID 19 - Section 8 Housing Choice Vouchers	14.871	N/A	506,381	-
Subtotal Housing Voucher Cluster			<u>17,002,816</u>	<u>-</u>
Passed-through the City of Los Angeles:				
Housing Opportunities for Persons with AIDS	14.241	C-134697	161,009	-
Total U.S. Department of Housing and Urban Development			<u>24,998,045</u>	<u>3,235,634</u>
<u>U.S. Department of the Interior</u>				
Direct Assistance:				
WaterSMART (Sustain and Manage America's Resources for Tomorrow)	15.507	N/A	33,834	-
Water Conservation Field Services	15.530	N/A	22,473	-
Total U.S. Department of the Interior			<u>56,307</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Assistance:				
Equitable Sharing Program	16.922	N/A	966,973	-
Total U.S. Department of Justice			<u>966,973</u>	<u>-</u>
<u>U.S. Department of Labor</u>				
Passed through State of California:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	AA011004	173,180	-
WIOA Adult Program	17.258	K9110005	158,629	-
WIOA Youth Activities	17.259	AA011004, AA111004	249,872	-
WIOA Dislocated Worker Formula Grant	17.278	AA011004	298,529	-
WIOA Dislocated Worker Formula Grant	17.278	K9110005, AA011004	363,602	-
WIOA Dislocated Worker Formula Grant	17.278	K8106173, K9110005	1,672,132	-
COVID 19 - WIOA Dislocated Worker Formula Grant	17.278	K8106173, K9110005	247,875	-
COVID 19 - WIOA Dislocated Worker Formula Grant	17.278	AA011004	265,690	-
Subtotal Workforce Innovation and Opportunity Act (WIOA) Cluster			<u>3,429,509</u>	<u>-</u>
COVID 19 - WIOA National Dislocated Worker Formula Grants/ WIA National Emergency Grants	17.277	AA011004	67,627	-
Total U.S. Department of Labor			<u>3,497,136</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Transportation</u>				
Passed-through State of California Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	BHLS-5064(078)	\$ 28,542	\$ -
Highway Planning and Construction	20.205	ATP-CML-5064(089)	115,927	-
Highway Planning and Construction	20.205	HSIPL5064-(093)	8,759	-
Highway Planning and Construction	20.205	STPL-5064(088)	2,600,000	-
Highway Planning and Construction	20.205	SAFTEA-LU HPLUL-5064(091)	42,719	-
Subtotal Highway Planning and Construction Cluster			<u>2,795,947</u>	<u>-</u>
Federal Transit Cluster:				
Federal Transit - Capital Investment Grants	20.500	SAFTEA-LU HPLUL-5064(057)	6,840	-
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CA-2018-065-00	-	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CA-16X066	74,969	-
Job Access and Reverse Commute Program	20.516	CA-37-X171	-	-
Job Access and Reverse Commute Program	20.516	CA-37-X123-01	-	-
Job Access and Reverse Commute Program	20.516	CA-37-X171	277,837	-
Job Access and Reverse Commute Program	20.516	CA-37-X100, -X123,-X171	217,286	-
Subtotal Transit Services Program Cluster			<u>570,092</u>	<u>-</u>
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PT20101	58,585	-
State and Community Highway Safety	20.600	PT21190	97,873	-
State and Community Highway Safety	20.600	PS21025	7,492	-
Subtotal Highway Safety Cluster			<u>163,950</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT21190	79,675	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT20101	26,486	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>106,161</u>	<u>-</u>
Total U.S. Department of Transportation			<u>3,642,990</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Direct Assistance:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	350,000	-
Passed Through the State of California:				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	1,788,383	413,950
Total U.S. Department of Treasury			<u>2,138,383</u>	<u>413,950</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Assistance:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	434,029	-
Passed-through the County of Los Angeles:				
Temporary Assistance for Needy Families	93.558	IA0614	8,131	-
Passed-through the City of Inglewood:				
Temporary Assistance for Needy Families	93.558	19-W085	3,959	-
Subtotal for Temporary Assistance for Needy Families			<u>12,090</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Health and Human Services (Continued)</u>				
Passed-through the County of Los Angeles, Department of Public Health:				
Public Health Emergency Preparedness	93.354	PH-003349	\$ 238,860	\$ -
COVID 19 - Public Health Emergency Preparedness	93.354	PH-003349	254,152	-
Subtotal for Public Health Emergency Preparedness			<u>493,012</u>	<u>-</u>
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	PH-003349	1,647,891	-
HIV Prevention Activities Health Department Based	93.940	PH-00809-2	137,450	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	H702536	343,508	-
Passed-through the State of California Department of Health Service:				
Project Grant and Cooperative Agreements for Tuberculosis Control Programs	93.116	NU52PS004656	5,851	-
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	17-10227	45,059	-
Immunization Cooperative Agreements	93.268	13-20337	73,848	-
COVID-19 - Immunization Cooperative Agreements	93.268	13-20337	28,850	-
Subtotal Immunization Cooperative Agreements			<u>102,698</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States	93.994	201061	291,635	-
Medicaid Cluster:				
Medical Assistance Program	93.778	RFA #15-10146	73,402	-
Total U.S. Department of Health and Human Services			<u>3,586,625</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed-through the State of California Governor's Office of Emergency Services:				
Hazard Mitigation Grant Program	97.039	037-56000-00	35,330	-
Passed-through the County of Los Angeles:				
Homeland Security Grant Program	97.067	EMW-2018-SS-00054	51,358	-
Homeland Security Grant Program	97.067	18LA0183	122,735	-
Total Homeland Security Grant Program			<u>174,093</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>209,423</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 40,330,778</u>	<u>\$ 3,649,584</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF PASADENA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Pasadena (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2021. The information in this Schedule 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 Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Federal Assistance Listing Number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

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

**CITY OF PASADENA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ x yes _____ no

Identification of Major Federal Programs

FAL Number(s)	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant Program
14.871	Housing Voucher Cluster: Section 8 Housing Choice Vouchers
16.922	Equitable Sharing Program
21.019	Coronavirus Relief Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,209,923

Auditee qualified as low-risk auditee? _____ yes x no

**CITY OF PASADENA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 001

Federal Agency: U.S. Department of Treasury

Federal Program Name: Coronavirus Relief Fund

Assistance Listing Number: 21.019

Pass-through Agency: State of California

Pass-Through Number(s): Not Available

Award Period: March 1, 2020, through December 30, 2021

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Other Matter

Criteria or specific requirement: A pass through entity should monitor subrecipients in accordance with Uniform Guidance § 200.331-200.333.

Condition: While an agreement was entered into with the subrecipient prior to advancing funds to the subrecipient, the agreement did not include information such as the assistance listing number, award name and number; whether the award is research and development; the name of Federal awarding agency, and notification that the funds were subject to single audit, and we were unable to observe evidence that this information was communicated to the subrecipient by other means.

Additionally, when reviewing evidence of the City's monitoring of the subrecipient, it was unclear whether sufficient monitoring took place as schedules of grant expenditures contained immaterial unreconciled differences from the City's records.

Questioned costs: None

Context: The City passed through \$413,950 of the \$1,788,383 grant funds utilized during the fiscal year ended June 30, 2021, to one subrecipient.

Cause: The subrecipient was not properly identified as such at the time funds were disbursed.

Effect: Proper subrecipient monitoring procedures were not followed.

Repeat finding: No

**CITY OF PASADENA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Recommendation: We recommend that the City review its procedures for identifying subrecipients and ensuring that required communications pursuant to the Uniform Guidance are made. In addition, we recommend that the City review its procedures for monitoring subrecipient activity to ensure the accuracy of the City's supporting documentation and that federal grant funds were spent in accordance with program guidelines.

Views of responsible officials and corrective action plan: This finding relates to the pass-through of funds in response to the COVID-19 pandemic and the City executed quickly to return these funds to the community. These funds were permitted to be used retroactively to March 2020 and this program for business assistance was created and established prior to the funds becoming available or any program documentation was known. Additionally, the State completed an audit on this program and found the City in compliance with the funding requirements. Lastly, this program was a one-time business assistance grant program. This was not a program that had ongoing performance or operational components for an extended period of time. The City is aware of the contracting requirements for subrecipients and will review and update its procedures for approving the disbursement or awarding of grant funds to subrecipients to ensure that funds are not disbursed until an executed subrecipient agreement is in place. When possible, before entering into an agreement, the City will evaluate the nature of the agreement in accordance with Uniform Guidance § 200.331-200.333 to determine if it is a sub-recipient type agreement. If it is a subrecipient type agreement, the City will execute the sub-recipient agreement before the disbursement of funds. The City will also monitor the sub-recipient in accordance with the monitoring provisions as stated in the Uniform Guidance § 200.331-200.333.

**CITY OF PASADENA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021 – 002

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Assistance Listing Number: 93.323

Pass-Through Agency: County of Los Angeles Department of Public Health

Pass-Through Number(s): PH-003349

Award Period: May 19, 2020 through November 18, 2022

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Other Matter

Criteria or specific requirement: Reporting should be completed by specified deadlines.

Condition: The City did not submit a performance report for January 2021 by the required deadline.

Questioned costs: None

Context: Out of 5 monthly reports tested, the January 2021, report was submitted 58 days after month end while the report was required to be submitted within 45 days of month end.

Cause: The monthly reporting deadline was not properly monitored resulting in a late submission of the monthly performance report.

Effect: Proper monitoring procedures over reporting were not followed.

Repeat finding: No

Recommendation: We recommend that the City review its procedures to ensure timely submissions for all reporting requirements.

Views of responsible officials and corrective action plan: The Agency will submit progress reports according to contract timelines.

**CITY OF PASADENA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021 – 003

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

Federal Program Name: Emergency Solutions Grant

Assistance Listing Number: 14.231

Award Period: June 26, 2020, through June 25, 2022

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Other Matter

Criteria or specific requirement: Recipients may have up to 240 days from the date HUD signs the grant agreement to obligate ESG-CV funds.

Condition: The City did not obligate all of the grant award within 240 days of signing the contract.

Questioned costs: None

Context: Not all of the award was obligated within 240 days of the award agreement being signed.

Cause: The City's obligation of the funding was not timely.

Effect: The City was not in compliance with the requirement to obligate grant funds within 240 days from the signing of the agreement.

Repeat finding: No

Recommendation: We recommend that the City review its procedures for obligating HUD funds to ensure all funds are obligated within the specified time requirements.

Views of responsible officials and corrective action plan: Staff that manage ESG funds are implementing changes in the way grant deadlines are tracked so that deadlines are not missed. Specifically, the obligation deadlines are being added to a master grant tracking sheet that is used internally. Additionally, we are in the process of hiring additional staff who will support with grants management to ensure compliance with all requirements.

**CITY OF PASADENA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

Section I – Financial Statement Findings

Finding Number 2020 – 001

Condition: During our analysis of the City attorney’s confirmation response, we noted a general liability claim that met the criteria for accrual that had not been included in the City’s estimate of its general claims liability as of the fiscal year ended June 30, 2021. During management’s verification of this general liability claim, they identified some additional general claims liabilities that had been booked twice, as part of accounts payable and as part of the total general claims liability.

Status: Corrected action was taken.

Finding Number 2020 – 002

Condition: Internal controls over inventory should be designed to identify, account for, and report all transactions related to the inventory. As part of our audit procedures, we performed an inventory observation of a cycle count and noted variances between our count and the inventory listing provided by the Department.

Status: Corrective action was taken.

Finding Number 2020 – 003

Condition: The City collects deposits for construction and demolition waste in response to State-mandated solid waste reduction goals, and as part of the City’s continued efforts to reduce landfilled solid waste, the City adopted the Construction and Demolition Waste Management Ordinance. We noted that the account balance had grown substantially over the last several years which did not meet our audit analysis expectations. In addition, City management informed us that an investigation had been started to determine the validity and accuracy of the deposit listing. The results of the investigation indicated that some of the deposits had already been refunded, or were old outstanding deposits with a lack of support for inclusion in the current fiscal year, and some that should be forfeited and recognized as revenue.

Status: Corrective action was taken.

Finding Number 2020 – 004

Condition: As construction in progress is completed and placed in service, the capital assets should be transferred to the appropriate capital asset category and depreciation of the capital assets should commence. We identified several projects included in construction in progress (CIP) in the Light and Power Enterprise Fund that had been completed as of year-end but had not been properly transferred to the appropriate capital asset categories.

Status: Corrective action was taken.

CITY OF PASADENA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings (Continued)

Finding Number 2020 – 005

Condition: In our review of the bank reconciliations, we noted that items reported as reconciling items were not recorded timely to the general ledger and the bank reconciliations showed unreconciled differences due primarily to a lack of reconciliation of credit card receipts collected at various locations managed by City employees.

Status: Corrective action was taken.

Section II – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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