

CITY OF LONG BEACH, NEW YORK

SINGLE AUDIT REPORTS

Year Ended June 30, 2018

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CITY OF LONG BEACH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2018

Federal Agency/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures	Amount Paid to Subrecipients
U.S. Department of Housing and Urban Development				
Pass-through Program from:				
Nassau County, New York				
Community Development Block Grant Program	14.218	CQH13000046	\$ 280,092	\$ 20,615
Pass-through Program from:				
New York State Housing Trust Fund Corporation				
Hurricane Sandy Community Development Block Grant	14.269	N/A	<u>2,248</u>	
Subtotal U.S. Department of Housing and Urban Development			<u>282,340</u>	
U.S. Department of Agriculture				
Pass-through Program From:				
New York State Department of Health				
Child and Adult Care Food Program	10.558	CACFP-4114	<u>12,637</u>	
U.S. Department of Transportation				
Direct Program:				
Federal Formula Transit Grant	20.507		<u>508,384</u>	
U.S. Department of Homeland Security				
Pass-through Program From:				
New York State Division of Homeland Security and Emergency Services				
Disaster Grants- Public Assistance	97.036	4085 DR NY	1,235,643	
Hazard Mitigation Grant	97.039	HGMP 4085-0016	<u>192,269</u>	
Subtotal U.S. Department of Homeland Security			<u>1,427,912</u>	
U. S. Department of Justice				
Direct Program:				
Bulletproof Vest Program	16.607	N/A	<u>10,141</u>	
Total Expenditures of Federal Awards			<u>\$ 2,241,414</u>	<u>\$ 20,615</u>

CITY OF LONG BEACH, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the Federal grant activity of the City of Long Beach, New York under programs of the Federal government for the year ended June 30, 2018. 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 of Long Beach, New York, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Long Beach, New York.

Note B – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following either the cost principles contained in the Uniform Guidance or the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* based on the grant award date. Generally, for grants (including funding increments with modified terms and conditions) awarded after December 26, 2014, such expenditures are recognized following the cost principles contained in the Uniform Guidance and for grant expenditures related to grants awarded prior to December 26, 2014, such expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*. The award date is based on the date the Federal award is signed by the authorized official of the Federal awarding agency.

However, expenditures relating to U.S. Department of Homeland Security and Federal Emergency Management Agency ("FEMA") CFDA #97.036 are reported when 1) FEMA has approved the project worksheet and 2) eligible expenditures have been incurred, in accordance with FEMA regulations.

Certain types of expenditures are not allowable or are limited as to reimbursement.

- (2) The City of Long Beach, New York has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.
- (3) Pass-through entity identifying numbers are presented where available.
- (4) Federal grants received by the City are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, the grantor agencies could make claims for reimbursement, which would become a liability of the City.
- (5) The federal expenditures for FEMA CFDA# 97.036 include expenditures related to the Hurricane Sandy 4085 DR NY Federally declared disaster. The federal disaster declaration 4085 DR NY enables the reimbursement of certain costs incurred related to debris removal and approved permanent work through FEMA of the U.S. Department of Homeland Security. The fiscal year 2018 reported FEMA federal expenditures are primarily for permanent work.

CITY OF LONG BEACH, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Note B – Summary of Significant Accounting Policies (continued)

- (6) FEMA approved projects are frequently multi-year projects, and as such, situations may arise resulting in changes to the scope of projects/Project Worksheets which may result in changes to costs previously reported. Additionally, the allocation of insurance proceeds to applicable individual Project Worksheets may change from the initial assessment. Changes resulting from the above are reported in the year the changes are approved by FEMA. Accounting and reporting for these changes may result in reporting negative expenditures in any given year so that project-to-date expenditures are properly reported by individual Project Worksheet.
- (7) Below is a summary of FEMA expenditures related to the declared disasters reported on the Schedule of Expenditures of Federal Awards for which there was an approved project worksheet prior to fiscal year ended June 30, 2018:

<u>Project Worksheet Number</u>	<u>Federal Expenditures</u>
4085 DR NY:	
4333506	\$ 27,570
4333508	461,130
4333509	17,571
4333515	1,054
4333525	12,371
4333526	173
4333528	12,691
4333529	975
4333532	(128,043)
4333533	2,540
4333534	223,408
4333535	119,983
4333543	150,498
4333546	315,168
4333549	685
4333560	12,900
4333562	4,968
Total 4085 DR NY	<u>\$ 1,235,643</u>



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

City Council
City of Long Beach
Long Beach, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Long Beach, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Long Beach, New York's basic financial statements and have issued our report thereon dated March 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Long Beach, New York'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 of Long Beach, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Long Beach, New York's internal control.

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

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2018-001 and 2018-002.

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Internal Control over Financial Reporting (continued)

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2018-004, 2018-005 and 2018-007 through 2018-010.

Compliance and Other Matters

As part of obtaining assurance about whether the City of Long Beach, New York'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-003 through 2018-006, 2018-008 and 2018-010.

The City of Long Beach, New York's Response to Findings

The City of Long Beach, New York's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Long Beach, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Albert V. Vignio, Zeh & Conroy P.C.

Hauppauge, New York
March 28, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council
City of Long Beach
Long Beach, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Long Beach, New York's 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 of Long Beach, New York's major federal programs for the year ended June 30, 2018. The City of Long Beach, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 of Long Beach, New York'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 Administration 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 of Long Beach, New York'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 of Long Beach, New York's compliance.

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Opinion on Each Major Federal Program

In our opinion, the City of Long Beach, New York, 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, 2018.

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 2018-011. Our opinion on each major program is not modified with respect to this matter.

The City of Long Beach, New York's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Long Beach, New York'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 of Long Beach, New York 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 of Long Beach, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs 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 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 of Long Beach, New York'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.

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 identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-011, that we consider to be a material weakness.

Report on Internal Control Over Compliance (continued)

The City of Long Beach, New York's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Long Beach, New York'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 Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Long Beach, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Long Beach, New York's basic financial statements. We have issued our report thereon dated March 28, 2019, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise of 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 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 taken as a whole.

Purpose of this Report

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 the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Albert, Vajjar, Zuh & Conroy P.C.

Hauppauge, New York
March 28, 2019

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the basic financial statements of the City of Long Beach, New York were prepared in accordance with GAAP.
2. There are ten deficiencies relating to the audit of the basic financial statements reported in the "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". Two of these deficiencies reported are considered to be material weaknesses.
3. Seven instances of noncompliance material to the financial statements and other instances that warrant the attention of those charged with governance of the City of Long Beach, New York, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There is one deficiency relating to the audit of the major federal award program reported in the "INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE." The deficiency reported is considered to be a material weakness.
5. The auditors' report on compliance for the major federal award programs for the City of Long Beach, New York expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs are as follows:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City of Long Beach, New York was not determined to be a low-risk auditee.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT

2018-001 CAPITAL PROJECTS – MATERIAL WEAKNESS (Repeat Finding)

Criteria

Local Finance Law limits the use of bond proceeds to specific purposes for which they were borrowed, or for repayment of such debt.

Condition

During the audit, we noted that the City has been monitoring individual capital projects on a project-to-date basis and has been able to reconcile individual capital projects to their funding sources dating back to 2007. However, the City was unable to reconcile projects prior to 2007 and there remains negative residual balances included in the capital projects fund that the City was not able to fully reconcile to their original funding sources. We also noted that the City has over expended certain capital projects.

Effect

The City may violate Local Finance Law if bond proceeds and related interest earnings are not limited to specific purposes for which they were authorized. Additionally, project costs may exceed the authorized budgeted amounts.

Recommendation

Management should establish policies and procedures to accumulate individual project-to-date costs and monitor those costs against the authorized budgeted amounts. Unspent bond proceeds should be transferred to the debt service fund and used for repayment of the outstanding bond. Management should determine how over expended projects will be funded and identify sources for those projects that the City has not been able to match up with their original funding sources.

Views of Responsible Officials

The City concurs with this recommendation and is currently reconciling all projects life to date. This reconciliation process, once complete, will allow the City to utilize the MUNIS project tracking module. Additionally, once complete, any over expended projects will be addressed over a period of time. With the recent turnover in high level staff, this project is taking longer than originally anticipated.

2018-002 CAPITAL ASSETS – MATERIAL WEAKNESS (Repeat Finding)

Criteria

Capital assets are the largest group of assets the City maintains. A detailed record of all assets owned (above the capitalization threshold) should be maintained in the equivalent of a subsidiary ledger. In addition, a good system of internal control should be able to properly track additions, deletions, locations, and classifications of capital assets and calculate depreciation expense based on appropriate useful lives to properly report these assets in the financial statements and to safeguard these assets. This information is used to support the financial statement amounts as well as providing a database of owned property for insurance purposes.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-002 CAPITAL ASSETS – MATERIAL WEAKNESS (Repeat Finding) (continued)

Criteria (continued)

The NYS Comptroller's Office recommends that all municipalities develop a capital asset policy. As noted in the *Local Government Management Guide: Fiscal Oversight Responsibilities*, issued by the NYS Comptroller's Office, the capital asset policy should set forth management's objective to protect the City's capital assets from loss, waste or misuse. The policy should designate the person(s) responsible for developing and maintaining capital asset records. It should set the minimum dollar amount for equipment/assets to be recorded in the capital assets records. The policy should set time frames for periodic physical inventories and subsequent comparisons to recorded capital assets. Procedures and time frames should also be set for comparing capital asset records to insurance policies to ensure that municipal assets are neither over nor under insured. Additionally, as the Council is responsible for the assets of the City, dispositions of capital assets should be authorized by the Council.

Condition

The City utilizes manual excel schedules to record, classify and update capital assets records for additions, deletions, and transfers, including infrastructure type assets. These manual calculations could lead to error. The City does not have a written capital asset policy, approved by the City Council, which conforms to the recommendations of the New York State Office of the State Comptroller. Dispositions of capital assets are not being approved by the City Council. Furthermore, the City does not utilize its capital asset management software that is compatible or integrated with its current accounting software to assist in maintaining computerized capital asset records and assist with the calculation of depreciation expense. In addition, the City has not conducted a physical inventory of its capital assets.

Effect

Capital assets in the financial statement could be misstated and the assets may not have the appropriate level of physical safeguards. Additionally, the City may not have the necessary information to supply to its insurance broker and therefore insurance coverage may not be adequate for the City owned property.

Recommendation

We recommend that the City develop an internal control system of policies and procedures to account for all capital assets transactions through their capital asset management software in order to maintain computerized capital asset records. This system should include procedures to account for additions, deletions, transfers, depreciation, identification of assets purchased with federal funds, and periodic physical counts of capital assets in accordance with accounting principles generally accepted in the United States of America, the recommendations contained in the *Fiscal Management Guide for Local Governments*, issued by the New York State Office of the State Comptroller and requirements contained in Uniform Guidance. In addition, the City Council should adopt a formal capitalization policy and it should be approving dispositions of capital assets.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-002 CAPITAL ASSETS – MATERIAL WEAKNESS (Repeat Finding) (continued)

Views of Responsible Officials

The City is currently exploring the logistics and cost of developing an internal control system to properly account for capital asset transactions. With the recent turnover in high level staff, this project is taking longer than originally anticipated.

2018-003 INTERFUND TRANSACTIONS (Repeat Finding)

Criteria

General Municipal Law provides that the City may temporarily advance money held in a fund to another fund of the City. These advances must be repaid to the fund from which they were advanced as soon as available, but in no event later than the close of the fiscal year in which the advance was made.

Condition

During the audit, it was noted that repayments of cash advances to the Sewer Fund and other funds were not made within the required time periods set forth in General Municipal Law.

Effect

The City is in violation of General Municipal Law.

Recommendation

The City should establish policies to ensure that interfund loans are repaid by the close of the year in which the advances were made.

Views of Responsible Officials

Currently, the remaining balances at year end are a function of cash flow in funds other than the general fund and year-end adjustments. Long term advances are subject to interest rate charges between the funds and these balances will be paid back as cash flow allows.

2018-004 –ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) (Repeat Finding)

Criteria

Per the Rules and Regulations Part 975 Statewide Mass Transportation Operating Assistance Program, Section 975.7(d) - Vehicle Mile Data, each public transportation system must be able to demonstrate that there is a system in place to account for missing trips and/deadhead and other non-revenue mileage. The system must be able to document that any standard mileages that are preassigned for individual routes reflect audited, actual mileage for such routes accurate to the nearest one tenth of a mile. In addition, in conjunction with the allowable cost principles, all expenditures must be supported by adequate documentation.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-004 –ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) (Repeat Finding) (continued)

Condition

Original documentation to support the mileage submitted for reimbursement was not provided to us. A schedule of mileage per bus was provided based on odometer readings, however it did not agree to the mileage reported in the quarterly reports.

Effect

The City may not be in compliance with the terms of the grant agreement and submission for reimbursement may be based on inaccurate mileage reports.

Recommendation

We recommend the City establish procedures to ensure all original and supporting documentation is maintained and it is in the form prescribed by the terms of the grant. The City should establish procedures to ensure the accurate reporting of mileage totals.

Views of Responsible Officials

The City is in the process of ensuring all documentation and procedures follow the terms prescribed by the grant, including sufficient documentation of actual mileage counts every month.

2018-005 – ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) – RIDERSHIP SUPPORTING DOCUMENTATION (Repeat Finding)

Criteria

Per the Rules and Regulations Part 975 Statewide Mass Transportation Operating Assistance Program, Section 975.7(a) – Statistical Sampling Provisions, in order to ensure the submission of valid revenue passenger statistics in all instances where the system submits "estimated" data, the STOA program will impose, effective January 1, 1990, annual precision (10%) and confidence (95%) requirements on any system's sampling and/or data collection technique used to calculate estimated passenger data and any revenue passenger-related data. Thus, any system that does not submit actual revenue ridership data must be able to document that its annual passenger statistics submitted for STOA from April 1990 on, will be in compliance with these annual confidence and precision limits.

Condition

The City provided a summary of weekly ridership reports, however, in some cases these did not tie out to the individual bus driver's daily reports for each route and therefore we were unable to determine the accuracy of the ridership reports due to insufficient documentation. Additionally, we noted mathematical errors. Per discussion with management, these reports were estimated based on daily reports from the bus drivers and prior history. The City was unable to provide their calculation supporting these estimates.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-005 – ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) – RIDERSHIP SUPPORTING DOCUMENTATION (Repeat Finding) (continued)

Effect

The City may not be in compliance with the terms of the grant agreement and may submit for reimbursement based on inaccurate ridership reports.

Recommendation

We recommend the City establish procedures to ensure all original and supporting documentation is maintained and it is in the form prescribed by the terms of the grant. The City should establish procedures to ensure the accurate reporting of ridership totals. If estimates are used, the City should maintain documentation to support those estimates and document how the estimate meets the requirements of the Rules and Regulation Part 975.

Views of Responsible Officials

The City is currently formulating required purchasing documents to purchase and install electronic fare boxes in every bus. This equipment will track passengers by fare and provide accurate counts daily as well as provide supporting documents.

2018-006 – ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) – REPORTING (Repeat Revised Finding)

Criteria

Per the Rules and Regulations Part 975 Statewide Mass Transportation Operating Assistance Program, Section 975.6, in order to receive funds under the STOA Program, applications must be submitted quarterly and shall be filed between the second and seventeenth day of the first month of each quarter.

Per the Rules and Regulations Part 975 Statewide Mass Transportation Operating Assistance Program, Section 975.6, all Systems must file annual financial and service data reports within 120 days after the participant's fiscal year.

Condition

One quarterly report was not filed timely, none of the quarterly reports were signed by the City's Chief Executive Officer and the annual report was not filed.

Effect

The City may not be in compliance with the terms of the grant agreement and future funding may be withheld.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-006 – ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) – REPORTING (Repeat Revised Finding) (continued)

Recommendation

We recommend the City establish procedures to ensure the required reporting is submitted timely in accordance with the provisions of the grant agreement.

Views of Responsible Officials

The City currently files all reports timely by email. The overseeing state agency has not required the Chief Executive Officer's signature on said submissions. Going forward, the City will ensure documentation of such timeliness and will also obtain the City manager's signature prior to filing.

2018-007- FINANCE DEPARTMENT STAFF (Repeat Finding)

Criteria

Internal controls are essential to the effective operation of local governments. Without adequate internal controls, management has reduced assurance that its goals and objectives will be achieved. Properly designed and functioning internal controls reduce the likelihood that significant errors or fraud will occur and remain undetected. Generally, the governing council relies upon management to implement the necessary policies, procedures and internal controls. Comptrollers are instrumental in overseeing accounting and financial reporting controls which helps ensure that financial data is accurate and complete, compliance with certain laws, regulations and grant agreements, proper segregation of duties and that financial reports may be generated on a timely basis.

Condition

The City has been without a comptroller since January 2, 2018.

Effect

The overall internal control structure of the City is missing a key component – the Comptroller. Without this key financial person in place, there is greater risk of significant errors including financial statement misstatements, fraud, non-compliance with laws and regulations, and delayed internal and external financial reporting.

Recommendation

We recommend the City hire a qualified comptroller as soon as possible.

Views of Responsible Officials

The City's search for a full time Comptroller is ongoing. It is being overseen by the Acting City Manager, who will be interviewing candidates in the near future. While a timeframe on such an item cannot specifically be given, the City is striving to ensure fulfillment of this position in the near future.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-008 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS (Repeat Finding)

Criteria

New York local municipalities are required to comply with the provisions of Article 18 of General Municipal Law concerning conflicts of interest. Article 18 addresses when an actual or potential conflict of interest must be disclosed to the persons immediate supervisor and the governing board. Additionally, the Uniform Guidance requires that a non-federal entity disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy. Also, financial statements prepared in accordance with generally accepted accounting principles should include disclosures of related party transactions.

Condition

The City has a Code of Ethics and Financial and Ethical Disclosure set forth in its Charter, and a purchasing policy which address ethics in public contracting. The City's Charter requires that elected officials and certain key employees to disclose any conflicts of interest/related parties via completion of an Annual Statement of Financial and Ethical Disclosure Form on an annual basis. This disclosure is to be provided to the City's Ethic Committee, however, the Ethics Committee is not actively functioning at this point in time.

Effect

Related party transactions may go undetected and the City may not be complying with laws and regulations at the City, State and/or Federal levels.

Recommendation

In order to properly monitor related party transactions/conflict of interest, the City should establish an active Ethics Committee. A vendor list should be sent periodically to the Ethics Committee or the person responsible for holding the Financial and Ethical Disclosure Forms and compare the vendor list to the related parties noted on the conflict of interest forms. Appropriate action, in accordance with general municipal law and Uniform Guidance as applicable, should be taken. Prior to awarding contracts related to federal funding, consider having the Chairman of Ethics Board review for potential conflicts of interest. Additionally, the Comptroller should be informed of any related party transactions for evaluation of disclosure in the City's financial statements.

Views of Responsible Officials

The City is committed to ensuring proper disclosure of all items required by its Code, has reviewed the status of the Ethics Committee and has begun interviewing candidates.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-009 WRITTEN POLICIES AND PROCEDURES (Repeat Finding)

Criteria

It is widely considered a best practice to follow the Committee of Sponsoring Organizations (“COSO”) internal controls framework and/or the standards for internal control in the Federal Government known as the Green Book. Additionally, the Uniform Guidance requires that entities receiving federal awards maintain an adequate internal controls system to ensure compliance with laws, regulations and grant award provisions. A common theme is that policies, procedures and controls be in written format. The New York State Comptroller also indicates that control procedures should be in written format and distributed to all managers and department heads who are responsible for implementing and supervising the application of controls.

Condition

The City does not have an accounting manual detailing out policies and procedures for all transaction cycles and by department where applicable.

Effect

Without written documentation of internal controls, policies and procedures may not be implemented as management intended.

Recommendation

We recommend that management develop a written accounting and internal controls manual. The NYS Office of the Comptroller has issued a Local Government Management Guide “The Practice of Internal Controls” which provides an overview as a starting point. The accounting and internal controls manual should consider provisions contained in the Uniform Guidance as well.

We also recommend that the City review the requirements of the Uniform Guidance (such as but not limited to cash management policy, personal identifiable information, and other written procedures noted throughout) and ensure the applicable provisions be addressed in the Grants Policies and Procedures Manual, or within City’s written policies and procedures.

Views of Responsible Officials

The City has already formulated a written grants policy that conforms to the new Uniform Guidance and is in the process of obtaining required approvals and creating a plan to implement.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2018-010 INVESTMENT POLICY AND DEPOSITS

Criteria

General Municipal Law (“GML”) Article 3 section 39 states that a governmental agency shall by resolution adopt a comprehensive investment policy which details the government’s operative policy and instructions to officers and staff regarding the investment, monitoring and reporting of deposits/monies of the local government. The investment policy shall be annually reviewed by the local government.

GML Article 2 Section 10 addresses regulations regarding deposits and security thereof, as well as the City Council involvement. It includes guidance on such topics as City Council designations of financial institutions, maximum amount to deposited in each financial institution, eligible forms of collateral, use of security agreements, etc. GML Article 2, Section 11 addresses regulations regarding temporary investments.

Condition

We were not provided with evidence that the City Council reviewed and approved the City’s investment policy applicable to June 30, 2018 year.

We note that \$34,305 of cash pertaining to police department activities are deposited in the Nassau Financial Credit Union, which is not a permitted institution (i.e. not a bank or trust company) under GML.

Effect

The City may be in violation of General Municipal Law.

Recommendation

We recommend that the investment policy be reviewed and adopted annually by the City Council. This is best documented through a Resolution. Authorized financial institutions/depositories should be compared those allowable under GML. We also recommend the investment policy be compared to the Office of the New York State Comptroller’s model investment policy and be reviewed by the City Attorney to ensure its conformity to current laws and regulations.

Views of Responsible Officials

The City has instituted policies and procedures to ensure the investment policy is reviewed and approved annually. Additionally, all police department funds will be moved to a permitted institution.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HOMELAND SECURITY- MAJOR PROGRAM

**2018-011 – DISASTER GRANTS, PUBLIC ASSISTANCE, FEMA 4085 DR NY – CFDA No. 97.036
– MATERIAL WEAKNESS (Repeat Finding)**

Per the Uniform Grant Guidance Section 200.303 - Internal controls, the non-Federal entity must establish and maintain effective internal control over Federal awards 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 "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

Additionally, the Uniform Grant Guidance Section 200 requires the non-Federal entity to have various written procedures in place, including but not limited to written procedures to implement the requirements of Section 200.305 Payment, written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles and the terms and conditions of the Federal award, and that compensation for personal services conforms to the established written policy of the non-Federal entity.

Condition

We were not provided any documentation of such written policies and procedures.

Cause

The City does not have written policies and procedures in the form required by the Uniform Guidance.

Effect

The City may not be in compliance with the requirements of the Uniform Guidance as it pertains to written internal control policies and procedures and may result in instances of non-compliance with Federal award programs.

Recommendation

We recommend the City review the requirements of the Uniform Guidance pertaining to internal controls and required written policies and procedures and develop a written grants management and procedures manual. In addition, all supporting schedules should be reviewed for accuracy and completeness prior to submitting to the grantor agency.

Views of Responsible Officials

The City has already formulated a written grants policy that conforms to the new Uniform Guidance and is in the process of obtaining required approvals and creating a plan to implement. These procedures include guidelines for review of grant reimbursement submission. Policies and procedures are currently being formulated to ensure compliance with the written policy.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

2017-001 CAPITAL PROJECTS – MATERIAL WEAKNESS (Repeat Revised Finding)

Condition

During the audit, we noted that the City has been monitoring individual capital projects on a project-to-date basis and has been able to reconcile individual capital projects to their funding sources dating back to 2007. However, the City was unable to reconcile projects prior to 2007 and there remains negative residual balances included in the capital projects fund that the City was not able to fully reconcile to their original funding sources. We also noted that the City has over expended certain capital projects.

Recommendation

Management should establish policies and procedures to accumulate individual project-to-date costs and monitor those costs against the authorized budgeted amounts. Unspent bond proceeds should be transferred to the debt service fund and used for repayment of the outstanding bond. Management should determine how over expended projects will be funded and identify sources for those projects that the City has not been able to match up with their original funding sources.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-002 CAPITAL ASSETS – MATERIAL WEAKNESS (Repeat Revised Finding)

Condition

The City utilizes manual excel schedules to record, classify and update capital assets records for additions, deletions, and transfers, including infrastructure type assets. These manual calculations could lead to error. The City does not have a written capital asset policy, approved by the City Council, which conforms to the recommendations of the New York State Office of the State Comptroller. Dispositions of capital assets are not being approved by the City Council. Furthermore, the City does not utilize its capital asset management software that is compatible or integrated with its current accounting software to assist in maintaining computerized capital asset records and assist with the calculation of depreciation expense. In addition, the City has not conducted a physical inventory of its capital assets.

Recommendation

We recommend that the City develop an internal control system of policies and procedures to account for all capital assets transactions through their capital asset management software in order to maintain computerized capital asset records. This system should include procedures to account for additions, deletions, transfers, depreciation, identification of assets purchased with federal funds, and periodic physical counts of capital assets in accordance with accounting principles generally accepted in the United States of America, the recommendations contained in the *Fiscal Management Guide for Local Governments*, issued by the New York State Office of the State Comptroller and requirements contained in Uniform Guidance. In addition, the City Council should adopt a formal capitalization policy and it should be approving dispositions of capital assets.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2017-002 CAPITAL ASSETS – MATERIAL WEAKNESS (Repeat Revised Finding) (continued)

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-003 INTERFUND TRANSACTIONS (Repeat Finding)

Condition

During the audit, it was noted that repayments of cash advances to the Sewer Fund and other funds were not made within the required time periods set forth in General Municipal Law.

Recommendation

The City should establish policies to ensure that interfund loans are repaid by the close of the year in which the advances were made.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-004 INVENTORY (Repeat Revised Finding)

Condition

Presently, the City maintains inventory of materials and supplies throughout the City and does not track inventory on hand on a regular basis. Also, the City has not established formalized inventory control procedures regarding the safeguarding of inventory.

Recommendation

We recommend that the City establish formalized internal control procedures, at the department level, for the tracking of and potential reporting of inventory. We also recommend that the periodic test counts be performed to ensure that actual quantities on hand agree with detailed computerized reports. Any discrepancies should be reconciled, and adjustments made, if necessary. In addition, the City should implement written policies and procedures to document how inventories are to be tracked and how to account for obsolete inventories. Furthermore, inventory should be reflected on the City's general ledger.

Current Status

Corrective action has been taken.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2017-005 –ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”)

Condition

Original documentation to support the mileage submitted for reimbursement was not provided to us. A schedule of mileage per bus was provided based on odometer readings, however it did not agree to the mileage reported in the quarterly reports.

Recommendation

We recommend the City establish procedures to ensure all original and supporting documentation is maintained and it is in the form prescribed by the terms of the grant. The City should establish procedures to ensure the accurate reporting of mileage totals.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-006 – ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) – RIDERSHIP SUPPORTING DOCUMENTATION

Condition

The City provided a summary of weekly ridership reports, however, in some cases these did not tie out to the individual bus driver’s daily reports for each route and therefore we were unable to determine the accuracy of the ridership reports due to insufficient documentation. Additionally, we noted mathematical errors. Per discussion with management, these reports were estimated based on daily reports from the bus drivers and prior history. The City was unable to provide their calculation supporting these estimates.

Recommendation

We recommend the City establish procedures to ensure all original and supporting documentation is maintained and it is in the form prescribed by the terms of the grant. The City should establish procedures to ensure the accurate reporting of ridership totals. If estimates are used, the City should maintain documentation to support those estimates and document how the estimate meets the requirements of the Rules and Regulation Part 975.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2017-007 – ADMINISTRATION OF THE STATE TRANSIT OPERATING ASSISTANCE GRANT (“STOA”) – REPORTING

Condition

We were not provided documentation that the quarterly and annual reports were filed timely, or that they were signed by the City’s Chief Executive Officer.

Recommendation

We recommend the City establish procedures to ensure the required reporting is submitted timely in accordance with the provisions of the grant agreement.

Current Status

The condition still exists but was revised. See 2018-007 for current year findings.

2017-008- FINANCE DEPARTMENT STAFF

Condition

The City has been without a comptroller since January 2, 2018.

Recommendation

We recommend the City hire a qualified comptroller as soon as possible.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-009 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

Condition

The City has a Code of Ethics and Financial and Ethical Disclosure set forth in its Charter, and a purchasing policy which address ethics in public contracting. The City’s Charter requires that elected officials and certain key employees to disclose any conflicts of interest/related parties via completion of an Annual Statement of Financial and Ethical Disclosure Form on an annual basis. This disclosure is to be provided to the City’s Ethic Committee, however, the Ethics Committee is not actively functioning at this point in time.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2017-009 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS (continued)

Recommendation

In order to properly monitor related party transactions/conflict of interest, the City should establish an active Ethics Committee. A vendor list should be sent periodically to the Ethics Committee or the person responsible for holding the Financial and Ethical Disclosure Forms and compare the vendor list to the related parties noted on the conflict of interest forms. Appropriate action, in accordance with general municipal law and Uniform Guidance as applicable, should be taken. Prior to awarding contracts related to federal funding, consider having the Chairman of Ethics Board review for potential conflicts of interest. Additionally, the Comptroller should be informed of any related party transactions for evaluation of disclosure in the City's financial statements.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-010 EXPENDITURES AND PAYABLES

Condition

During the audit, significant adjustments were made to adjust the balances of various liability accounts.

Recommendation

We recommend that the City review payable balances are year-end and ensure proper cut off.

Current Status

No such finding was noted during the current year.

2017-011 ADMINISTRATION OF LENGTH OF SERVICE AWARD PROGRAM

Condition

The City Council is not reviewing and approving the points earned annually.

Recommendation

We recommend that the City develop a policy for the review and approval of the annual points earned under the LOSAP plan.

Current Status

Corrective action has been taken.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2017-012 WRITTEN POLICIES AND PROCEDURES

Condition

The City does not have an accounting manual detailing out policies and procedures for all transaction cycles and by department where applicable.

Recommendation

We recommend that management develop a written accounting and internal controls manual. The NYS Office of the Comptroller has issued a Local Government Management Guide "The Practice of Internal Controls" which provides an overview as a starting point. The accounting and internal controls manual should consider provisions contained in the Uniform Guidance as well.

We also recommend that the City review the requirements of the Uniform Guidance (such as but not limited to cash management policy, personal identifiable information, and other written procedures noted throughout) and ensure the applicable provisions be addressed in the Grants Policies and Procedures Manual, or within City's written policies and procedures.

Current Status

The condition still exists and therefore this comment is repeated in the current year.

2017-013 – LATE FILING OF THE OMB UNIFORM GUIDANCE REPORTING PACKAGE - MATERIAL WEAKNESS (Repeat Finding, in the prior year it was reported as a major program finding)

Condition

During our audit, it was noted that the City did not file the single audit report within the deadline.

Recommendation

We recommended the City ensure timely filing of the single audit report.

Current Status

No such finding was noted during the current year.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2017-014 BOND ISSUANCE

Condition

The City paid certain employee separation payments prior to the City Council authorizing the bond issuance.

Recommendation

We recommend the City establish written policies and procedures to ensure the City complies with laws and regulations pertaining to debt issuances.

Current Status

No such finding was noted during the current year.

SUMMARY OF PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HOMELAND SECURITY- MAJOR PROGRAM

**2017-015 – DISASTER GRANTS, PUBLIC ASSISTANCE, FEMA 4085 DR NY – CFDA No. 97.036
– MATERIAL WEAKNESS (Repeat Finding)**

Condition

We were not provided any documentation of written policies and procedures. In addition, a supporting schedule was not reviewed for accuracy before submission to the grantor agency.

Recommendation

We recommend the City review the requirements of the Uniform Guidance pertaining to internal controls and required written policies and procedures and develop a written grants management and procedures manual. In addition, all supporting schedules should be reviewed for accuracy and completeness prior to submitting to the grantor agency.

Current Status

During the year ended June 30, 2018, the comment still existed. The City has completed a draft form of policies and procedures and is currently in the implementation phase. The condition still exists and is reported as a current year finding.

CITY OF LONG BEACH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

SUMMARY OF PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

DEPARTMENT OF TRANSPORTATION MAJOR PROGRAM

2017- 016 – FEDERAL TRANSIT ADMINISTRATION, CFDA 20.507

Condition

Of a twenty-five item sample of costs incurred (non-payroll related), two invoices examined were not necessary for the performance of the Federal award. The federal portion of these two invoices totaled \$1,656.

Recommendation

We recommend the City implement policies and procedures to review all documentation supporting costs for allowability under the terms of the grant agreement for which the City is requesting federal reimbursement.

Current Status

No such findings were noted during the current year as this program was not a major program. However, the City has indicated that they more closely monitored costs to ensure they were allowable prior to submission.