



City of Austin, Texas —
Communication to the Audit and
Finance Committee on Audits of
Federal and State Programs
Compliance for the Year Ended
September 30, 2020

A Continuation of Our Communications from April
28, 2021

Reem Samra, Managing Director
Blake Rodgers, Partner
Jane Chin, Senior Manager
Francis Croos Moraes, Manager

Single Audit Report – Federal and State Programs

- **Single Audit Report – Federal Programs**

- Report on compliance with requirements that could have a direct and material effect on each major federal program and on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- We issued an unmodified opinion (clean opinion)
- Issued on May 24, 2021

- **Single Audit Report – State Programs**

- Report on compliance with requirements that could have a direct and material effect on each major state program and on internal control over compliance in accordance with the State of Texas Uniform Grant Management Standards (UGMS)
- We issued an unmodified opinion (clean opinion)
- Issued on May 24, 2021

Single Audit Report – Federal and State Programs (cont.)

- **Federal Programs**

- \$219,342,949 in Federal Program Expenditures During FY20
- Major Programs Selected For Testing During FY20

CFDA #	Title	FY19 Expenditure
21.019	Coronavirus Aid, Relief, and Economic Security Act	\$137,005,548
14.218	Community Development Block Grant (“CDBG”)	\$10,475,431
93.914	Ryan White Emergency Care	\$5,076,928
66.458	Capitalization Grants for Clean Water State Revolving Fund	\$3,629,190
66.468	Capitalization Grants for Drinking Water State Revolving Fund	\$1,371,448

Single Audit Report – Federal and State Programs (cont.)

- **State Programs**

- \$4,325,990 in State Program Expenditures During FY20
- Major Programs Selected For Testing During FY20

Contract #	Title	FY19 Expenditure
582-18-83070-2677 582-18-83069-2677 582-18-83045-2677 582-18-83044-2677 582-18-83071-2677	Alternative Fueling Facilities Program	\$687,805
24427073	Community Youth Development	\$301,686
HHS000108500001	Immunization Outreach	\$382,726
HHS000288900001	STD Control	\$411,625

Single Audit Report – Federal and State Programs (cont.)

Findings & Questioned Costs Related to Federal & State Awards

Significant Deficiency and Noncompliance

We noted the following instance of noncompliance and consider the following deficiency in the City’s controls over compliance to be a significant deficiency for the year ended September 30, 20:

Finding	Compliance Requirements	Program
2020-002	Allowable Costs	Coronavirus Relief Fund (CFDA 21.019)

Management concurs with the recommendations related to the findings above

DEFINITIONS

The definitions of a deficiency, a material weakness, and a significant deficiency are as follows:

A *deficiency* in internal control over financial reporting 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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.



Official Professional Services Sponsor

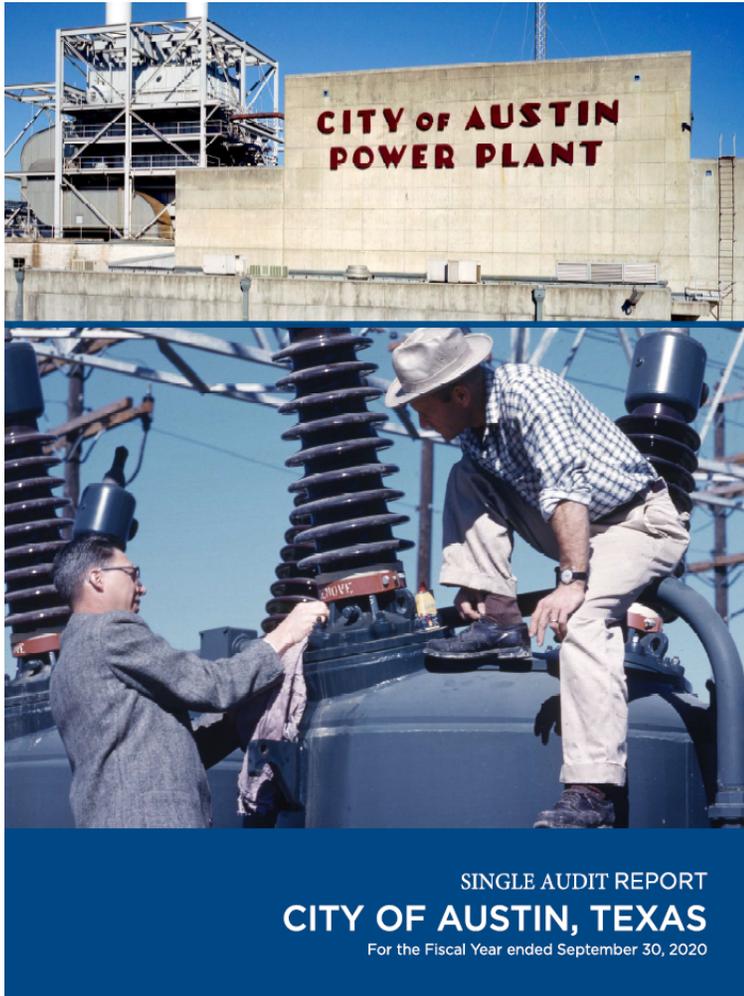
Professional Services means audit, tax, consulting, and advisory.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a detailed description of DTTL and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

City of Austin Single Audit Presentation

Controller's Office
May 26, 2021



SINGLE AUDIT REPORT
CITY OF AUSTIN, TEXAS
For the Fiscal Year ended September 30, 2020

Findings & Management Responses

Finding

- **Finding 2020-002:** Significant Deficiency in Controls over Compliance and Noncompliance — Allowable Costs
- Coronavirus Relief Fund, CFDA 21.019
- **Responsible departments:** Controller's Office
- **Auditor's Finding:**
 - All expenditures related to services provided to other entities that could be eligible for reimbursement from other sources were processed using memo task orders. When compiling expenditures eligible for reimbursement through the Coronavirus Relief Fund, the City did not appropriately remove expenditures processed using memo task orders that are reimbursable to the City by other governmental entities.

Management Response

- **Finding 2020-002:** Significant Deficiency in Controls over Compliance and Noncompliance — Allowable Costs
- Coronavirus Relief Fund, CFDA 21.019
- **Responsible departments:** Controller's Office
- **Response:**
 - The Controller's Office concurs with the auditor's finding and recommendation. The Controller's Office will add an additional level of review to ensure that any future COVID-19 related costs reported to the U.S. Department of Treasury exclude all expenditures that are eligible for reimbursement from other sources.