

CITY OF EVERGREEN, ALABAMA

SINGLE AUDIT REPORT

SEPTEMBER 30, 2015

CITY OF EVERGREEN, ALABAMA
SINGLE AUDIT REPORT
SEPTEMBER 30, 2015

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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
City of Evergreen, Alabama*

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 Evergreen, (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 29, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been 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 entity'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. **FS-2015-1 through FS-2015-5**

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. **FS-2015-6 through FS-2015-9.**
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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *schedule of findings and questioned costs* as items **SA-2015-1 through SA-2015-4.**

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Montgomery, Alabama
September 29, 2017

**Independent Auditors' Report on Compliance for Each Major Program and
on Internal Control over Compliance and Report on Schedule of
Expenditures of Federal Awards required by OMB Circular A-133**

*Honorable Mayor and Members of the City Council
City of Evergreen, Alabama*

Report on Compliance for Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying *schedule of findings and questioned costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on FEMA 97.042 Assistance to Firefighters

As described in the accompanying *schedule of findings and questioned costs*, the City did not comply with requirements regarding FEMA 97.042 Assistance to Firefighters as described in finding numbers **SA-2015-1 for Period of Availability, SA-2015-2 for Cash Management, SA-2015-3 for Matching and SA-2015-4 for Reporting**. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on FEMA 97.042 Assistance to Firefighters

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 FEMA 97.042 Assistance to Firefighters for the year ended September 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 its other major federal program identified in the summary of auditors' results section of the accompanying *schedule of findings and questioned costs* for the year ended September 30, 2015.

Other Matters

The City's response to the noncompliance finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*.

The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

A 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. We consider the deficiency in internal control over compliance described in the accompanying *schedule of findings and questioned costs* as item **SA-2015-1** to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying *schedule of findings and questioned costs* as items **SA-2015-2, SA-2015-3, and SA-2015-4** to be significant deficiencies.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated September 29, 2017, 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 OMB Circular A-133 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 basis 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 as a whole.

Warren Averett, LLC

Montgomery, Alabama
January 8, 2018

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agreement Number</u>	<u>Expenditures</u>
Federal Awards:			
Department of Housing & Urban Development:			
<u>Passed through Alabama Department of Economic and Community Affairs</u>			
Community Development Block Grant	14.218	LR-ED-PF-13-012	\$ 22,764
Community Development Block Grant	14.218	LR-CM-PF-13-009	347,655
Total Department of Housing & Urban Development			<u>370,419</u>
Department of Justice:			
<u>Passed through Alabama Department of Economic and Community Affairs</u>			
Justice Assistance Grant	16.738	12-DJ-LC-012	<u>9,849</u>
Department of Labor:			
<u>Passed through National Senior Citizen Education and Research Center and Alabama Tombigbee Regional Planning Commission</u>			
Senior Community Service Employment Program	17.235	AD-16177-07-60	<u>19,075</u>
Department of Homeland Security:			
<u>Passed Through Alabama Emergency Management Agency</u>			
FEMA - Assistance to Firefighters	97.042	EMW-2012-FR-002044	<u>499,999</u>
Department of Transportation:			
<u>Passed Through Alabama Department of Transportation</u>			
Airports Development Fund			
Airport Extending	20.106	3-010092-011-2013	136,563
Airport Extending	20.106	3-010092-012-2014	3,285
Total Department of Transportation			<u>139,848</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,039,190</u></u>

See Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards required by OMB Circular A-133.

CITY OF EVERGREEN, ALABAMA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of the City of Evergreen, Alabama (the City) under direct contracts and subcontracts of the government for the year ended September 30, 2015. 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 position, results of operations, changes in net position, and cash flows of the City.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the City, the agencies and departments of the federal government, and all subawards to the City by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The information in the Schedule is presented in accordance with the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The City has obtained Catalog of Federal Domestic Assistance (CFDA) numbers to ensure that all programs have been appropriately identified in the Schedule. CFDA numbers for applicable programs have been appropriately listed by those programs. Certain contracts and grants are not assigned CFDA numbers and, therefore, CFDA numbers are not listed by these programs.

For purposes of the Schedule, expenditures of federal awards programs are recognized on the accrual basis of accounting.

2. INDIRECT COST RATES

The City did not elect to charge a de minimis rate of 10% for all federal awards.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: *Unmodified*

Internal control over financial reporting:
 Material weaknesses identified? *Yes*
 Significant deficiencies identified not considered to
 be material weaknesses? *Yes*
 Noncompliance material to financial statements
 noted? *Yes*

Federal Awards

Internal control over major programs:
 Material weaknesses identified? *Yes*
 Significant deficiency identified not considered to
 be a material weakness? *Yes*

Type of auditors’ report issued on compliance for
 major programs:
 Assistance to Firefighters *Qualified*
 Community Development Block Grant *Unmodified*

Any audit findings disclosed that are required to be
 reported in accordance with OMB Circular A-133,
 Section .510(a)? *Yes*

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Housing and Urban Development – Community Development Block Grant
97.042	U.S. Department of Homeland Security – Assistance to Firefighters

Dollar threshold used to distinguish
 between Type A and Type B programs *\$300,000*

Auditee qualified as low-risk auditee? *No*

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section II—Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Material Weaknesses Identified

FS-2015-1 Timely Reconciliation of Bank Accounts

Observation: During our financial statement audit procedures, it was noted that bank statements were not reconciled to the appropriate general ledger account on a monthly basis. In addition, several bank reconciliations contained reconciling items which had not been properly researched and/or corrected. Reconciling bank accounts on a monthly basis ensures that errors and/or problems are recognized and resolved on a timely basis. This is a prior year finding.

Recommendation: Bank accounts should be reconciled each month and reviewed upon completion. It is further recommended that all reconciling items be examined in order to determine their validity. An employee independent of cash receipt and disbursement activities should review the bank reconciliations for any unusual items and document their approval by initialing the form.

Views of Responsible Officials: Actions have been taken to provide personnel resources to ensure that bank reconciliations will be prepared and documented on a timely (monthly) basis, while providing independent in-house review of cash receipt and disbursement activities.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FS-2015-2 Budgetary Control

Observation: The City does not effectively monitor their compliance with the annual adopted budget nor is this budget adjusted to accurately reflect foreseen activity. Budgets are an essential tool for monitoring the control and management of the City's public resources. In order to ensure compliance, the budget should be compared to actual results on a regular basis. This is a prior year finding.

Recommendation: Compliance with the budget should be reviewed at the "legal level of control" on a regular basis to ensure compliance with the budget. In order to ensure this compliance it is recommended the City do the following:

- Prior to issuing a purchase order, the City should check the respective budget line item to verify there are funds available.
- Invoices should be entered into the City's accounting system as they are received. Once they have been matched with the supporting documentation and approved they can then be marked for payment in the City's accounting system. This process allows the invoices to be shown as obligations of the City and will improve the reliability of the City's financial reporting and monitoring the budget.

Views of Responsible Officials: With additional financial personnel resources now available, plans are being developed to provide financial information to City management on a monthly basis, including a statement comparing budgeted amounts with actual amounts.

Discussions are underway with the City's software provider to determine the extent of the software's ability to provide software-driven controls that compare remaining budget availability against requisition requests for issuance of purchase orders.

In addition, discussions with the software provider also include implementing processes that allow for the separate recording of account payable invoices, and the later payment of those invoices based on due dates. This recording of invoices into accounts payable as the invoices are received and matched up with supporting documentation will provide enhanced reliability in the City's financial reporting and monitoring of remaining available budget.

FS-2015-3 Timely Year-end Closeout

Observation: During our financial statement audit, it was noted that accounts receivable, accounts payable and due to/ due from accounts were not reconciled on a timely basis at year-end. This resulted in a delay in the completion of the annual audit.

Recommendation: All accounts should be reconciled and the books should be closed out promptly after year-end to ensure a timely audit and submission of required reports.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Views of Responsible Officials: The City has contracted with an additional CPA firm to provide monthly reconciliation and closeout support. This should expedite the closeout process.

FS 2015-4 Vendor File Support

Observation: During our financial statement audit, several supporting documents requested during fieldwork could not be located or provided. Maintaining proper records is crucial to ensure substantiation of all City expenses and compliance with legal and regulatory requirements.

Recommendation: The City should implement a process to ensure proper supporting documentation is obtained for all transactions and maintained in a consistent filing system.

Views of Responsible Officials: The City has revamped the filing system both in regards to the overall organization of the support as well as in the promptness with which support is filed. The organization should provide for efficient access of supporting documentation.

FS 2015-5 Credit Card Policy

Observation: The City could not provide any receipts supporting charges made with credit cards issued to employees that we requested during our financial statement audit. Implementing a credit card policy requiring substantiation of all credit card charges will verify that charges are appropriate expenditures for the City.

Recommendation: The City should implement a credit card policy that requires employees to provide receipts supporting all charges made each month.

Views of Responsible Officials: The City has implemented a bill verification process for all cardholders on a monthly basis prior to bill payment.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Significant Deficiencies Identified

FS-2015-6 Cash – Unopened Bank Statements

Observation: There is currently no system for reviewing bank statements and during 2014 they were frequently left unopened for periods before they were reconciled. This greatly increases the risk of overlooking mistakes made by the bank or the City, and/or fraudulent activity involving cash. This is a prior year finding.

Recommendation: We suggest that unopened bank statements received in the mail be forwarded directly to a designated City finance official. The official would then review the bank statements and canceled checks for any strange or unusual items and investigate these items should any be found. In addition, the statements, upon review, should be signed and dated by the reviewer.

Views of Responsible Officials: With additional financial personnel resources now available, procedures are being developed to accomplish the basic objectives noted in this recommendation. With bank statements now to be reconciled on a monthly basis, the issue of unopened bank statements will be resolved.

FS-2015-7 Utility Billing

Observation: The Utility Clerk manually adds the late charges to customer accounts after a review of their bill each month. This process is subject to error and places the responsibility of correct assessment of fees solely with the Utility Clerk. This is a prior year finding.

Recommendation: The City should use the automatic assessment function in the utility software. Any manual waiver of additional fees should require the approval of the City Clerk or other City official not involved with utility billing. A late fee waiver report should be done after each billing to ensure that all applicable fees had been assessed correctly.

Views of Responsible Officials: The City will work with the software support personnel to activate the automatic assessment function in the utility software, along with requiring management approval of manual waivers.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FS-2015-8 Payroll Withholdings

Observation: The City does not monitor the accuracy of the withholdings that are calculated by the payroll system. This is a prior year finding.

Recommendation: Control must be in place to alert management of incorrect reporting. One employee check per month should be recalculated to ensure it included the correct amount has been withheld.

Views of Responsible Officials: With additional financial personnel resources now available, plans are being developed to provide financial information to City management on a monthly basis. As part of the monthly financial statements, all month-end payroll-related withholding and liability balances will be reviewed for accuracy, with subsequent remittances reviewed for accuracy.

FS-2015-9 Grant files

Observation: The City does not maintain all the grant information in a filing system that allows for on-demand access. The grant agreements were not readily available upon request. This is a prior year finding.

Recommendation: The City should maintain grant files that include original agreements, all purchase orders and invoices by fiscal year. The City should also maintain a schedule of federal expenditures that reconciles to said files as well as the general ledger on a monthly basis.

Views of Responsible Officials: The City will maintain a file for each grant that will include original agreements and all invoices with supporting documentation, filed by fiscal year. We will also actively maintain a schedule of federal expenditures that will agree with general ledger on a monthly basis.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section III—Federal Award Findings and Questioned Costs

Finding SA-2015-1 – Period of Availability (Material Weakness and Noncompliance)

Information on the federal program: U.S. Department of Homeland Security – Assistance to Firefighters Project CFDA 97.042

Criteria: The Code of Federal Regulations (CFR) establishes recipient responsibility for liquidating all federal funds within the period of availability determined by the grantor agency and included in the grant agreement.

Condition: The federal awarding agency, the U.S. Department of Homeland Security, established the period of performance for the grant funds in question in the respective grant agreement to be April 12, 2013 through April 11, 2014. During our compliance testing it became clear that these requirements were not met as expenditures of federal funds did not occur until fiscal year 2015.

Cause: Sufficient internal controls necessary to identify and comply with the requirements required under this federal program were not present.

Effect: Expenditures of federal funds occurred outside the period of availability.

Recommendation: We recommend that the City include in each grant folder by fiscal year, a listing of the compliance requirements as applicable to that grant. The list should be reviewed for period of availability requirements, supporting documentation for federal expenditure should be assessed for period of availability and a copy included in the folder.

Views of Responsible Officials: The City concurs with this finding. An extension was requested and not granted. The funds were executed outside the period of availability.

Finding SA-2015-2 – Cash Management (Significant Deficiency and Noncompliance)

Information on the federal program: U.S. Department of Homeland Security – Assistance to Firefighters Project CFDA 97.042

Criteria: The requirements for cash management are contained in the CFR, Federal awarding agency regulations, and the terms and conditions of the award. When entities are funded on a reimbursement basis, program costs must be paid for with entity funds before reimbursement is requested from the Federal Government

Condition: During testing performed, we noted an instance of noncompliance whereby the City received federal funds more than two weeks before the expenditure was liquidated.

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Cause: Timely accurate review of the grant expenditures did not occur prior to drawdown of federal funds.

Effect: The expenditure of federal funds was not liquidated prior to request of federal funds as required.

Recommendation: We recommend the City develop an expenditure schedule for each grant including all invoices as well as their payment status and compare it to the corresponding draw schedule and review it prior to each drawdown being requested.

Views of Responsible Officials: The City concurs with this finding. Federal funds were requested prior to liquidation of the expenditure.

Finding SA-2015-3 – Matching (Significant Deficiency and Noncompliance)

Information on the federal program: U.S. Department of Homeland Security – Assistance to Firefighters Project CFDA 97.042

Criteria: The CFR establishes recipient responsibility for matching compliance. Matching requirements are specific to the federal program and in the case of 97.042 are included in the grant agreement.

Condition: During testing performed, we noted an instance of noncompliance whereby the City requested \$3,684 more than was required to satisfy the federal expenditure.

Cause: Drawdown funds were requested without review of an expenditure reconciliation.

Effect: Funds in excess of the expenditure were requested. The grant’s requirement of a five percent match was not met with respect to that drawdown of federal funds. The remaining advanced federal funds were not expended as of September 30, 2015.

Recommendation: We recommend the City develop and review an expenditure reconciliation for each grant and review said reconciliation prior to each federal fund drawdown.

Views of Responsible Officials: The City concurs with this finding.

Finding SA-2015-4 – Reporting (Significant Deficiency and Noncompliance) Repeat Finding

Information on the federal program: U.S. Department of Homeland Security – Assistance to Firefighters Project CFDA 97.042

CITY OF EVERGREEN, ALABAMA
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Criteria: The CFR establishes recipient responsibility for timely and accurate financial and performance reporting. The federal awarding agency shall determine the frequency of the Financial Status Report for each project or program, considering the size and complexity of the particular project or program. However, the report shall not be required more frequently than quarterly or less frequently than annually. Performance reports shall not be required more frequently than quarterly or less frequently than annually. Annual reports shall be due 90 calendar days after the grant year, and quarterly or semi-annual reports shall be due 30 days after the reporting period. The federal awarding agency may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.

Condition: The federal awarding agency, the U.S. Department of Homeland Security, requires the SF-425 report to be filed semi-annually; within 30 days of mid-year and 90 days of fiscal year end as well as at the closeout of each grant. During our compliance testing it became clear that these requirements were not met as the reports had not been filed within 90 days of fiscal year end.

Cause: Sufficient internal controls necessary to identify reporting requirements required under this federal program were not present.

Effect: The form SF-425 was not filed within 30 days of mid-year or 90 days of the fiscal year end as required by the Federal Emergency Management Agency.

Recommendation: We recommend that the City include in each grant folder by fiscal year, a listing of the compliance requirements as applicable to that grant. This list should be reviewed for reporting requirements and copies of the submitted reports should be included in the folder to ensure compliance.

Views of Responsible Officials: The City concurs with this finding. Required reports were not filed as required.

CITY OF EVERGREEN, ALABAMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Finding SA-2014-1 – Reporting

Information on the federal program: U.S. Department of Transportation – Airport Improvement Project CFDA 20.106

Condition: The Federal awarding agency, the Federal Aviation Administration, requires the SF-425 and the SF-271 reports to be filed annually, within 90 days of fiscal year end and at the closeout of each grant. During our compliance testing it became clear that these requirements were not met as the reports had not been filed within 90 days of fiscal year end.

Status: The City enhanced its reporting procedures for the fiscal year. Refer to the City’s response within the views of responsible officials section and corrective action sections of Finding SA-2015-4.

CITY OF EVERGREEN, ALABAMA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Contact Information: Carrie Smith, (251) 578-1574

Finding SA-2015-1: The City will maintain a file for each grant that will include original agreements and all invoices with supporting documentation, filed by fiscal year. We will also actively maintain a schedule of federal expenditures that will agree with general ledger on a monthly basis.

Finding SA-2015-2: The City will maintain a file for each grant that will include original agreements and all invoices with supporting documentation, filed by fiscal year. We will also actively maintain a schedule of federal expenditures that will agree with general ledger on a monthly basis. Applicable reporting requirements will be included and reviewed.

Finding SA-2015-3: The City will maintain a file for each grant that will include original agreements and all invoices with supporting documentation, filed by fiscal year. We will also actively maintain a schedule of federal expenditures that will agree with general ledger on a monthly basis. An expenditure reconciliation will be included and reviewed as well.

Finding SA-2015-4: The City will maintain a file for each grant that will include original agreements and all invoices with supporting documentation, filed by fiscal year. We will also actively maintain a schedule of federal expenditures that will agree with general ledger on a monthly basis. Applicable reporting requirements will be included and reviewed.