

Addendum #1
City of Monrovia - RFP Professional Auditing Services
Proposers' Questions and City Responses
February 14, 2023

1. How long have the current auditors been performing the audit for the City?
 The current auditors have served as the City's audit firm since fiscal year ended June 30, 2001.
2. If a member of the team has past experience with another firm on financial statement audits such as the scope of work does this satisfy the firm experience requirement?
 Unable to make a determination based on information provided. Please note that the firm must have extensive experience in audits of local governments, as well as experience with the preparation of Annual Comprehensive Financial Reports. The experience of the auditors/audit team will be reviewed, in totality, by an evaluation panel.
3. What is the desired timeline for:
 - a. Interim - May 15, 2023, through June 30, 2023.
 - b. Field Work – Field work should commence no sooner than October 15, 2023, and no later than October 31, 2023.
 - c. Draft Reports – November 15, 2023.
 - d. Final Reports – See schedule on RFP page 9.
4. How many auditors and how many weeks were the auditors on site for both interim and year end field work?
 The audit's onsite fieldwork usually takes between 1 to 2 weeks for interim and 1 to 2 weeks for year-end. The audit team typically consists of 1 partner, 1 manager, 1 in-charge, and 1-3 staff auditors.
5. What were the prior year annual audit fee(s)? Please provide breakdown by report.

FY 2021-22	Price
City of Monrovia Audit	\$ 45,282
Single Audit	\$ 4,940
Monrovia Housing Authority Audit & Report	\$ 1,993
State Controller's Report - City	\$ 3,075
State Controller's Report - Financing Authority	\$ 579
GANN Limit	\$ 546

6. Are there any new services requested in this RFP that were not included in the prior year audit fee?
 No.
7. If required, who does the State Controller's Financial Transaction Report preparation and submission? If the auditors, how much was the last year's fees?
 Auditors prepare and submit the State Controller's Financial Transactions Report. The auditors provide a draft of the report to the City for review prior to submission. Please see prior year audit fee schedule Question #5 for last year's fees.
8. How many major programs were tested each year for the Single Audit? If applicable, please provide the most recent copy of the report.
 Two major programs were tested for FY 21-22. Please see attached Single Audit report.

9. How many journal entries were proposed by the auditors? Were there any findings?
0 journal entries were proposed by the auditors. No findings were reported.
10. Were there any material adjustments made by the auditors in connection with the examination of the prior year Financial Statements?
No.
11. Has the City entered into any Major Contracts, Studies and/or Started any Projects in the Current Fiscal Year that would not be reflected in the Prior Year Financial Statements?
The City recently approved a 5-year CIP program. Implementation of the projects included on the CIP has begun and is expected to continue in the upcoming years.
12. Any New Debt Issuances in the Current Fiscal Year?
No.
13. Is the City involved in any litigation not included in the Prior Year Financial Statements?
Yes.
14. Any other Major Changes in the Current Fiscal Year that would affect the operations of the City?
The City no longer act as the fiduciary for the High Intensity Drug Trafficking Area (HIDTA) Program. This program was audited as a major program in prior Single Audits.
15. How did you measure the quality of the audit performed?
Quality was measured based on the thoroughness of audit procedures and the auditors' ability to meet all audit deadlines. Quality was also measured based on knowledge and experience of the audit team and their ability to provide feedback and recommendations. Good communication, responsiveness, and accessibility are important qualities for an effective audit.
16. What audit areas, in your opinion, were cumbersome?
None.
17. What efficiencies would you like to see in the audit of the City's financials?
Our audits, in past years, have been efficient. We expect the audit team to be knowledgeable, experienced, professional, and have good communication skills throughout the audit.
18. Due to the COVID pandemic restrictions and safety measures, will digital proposals be accepted in lieu of hard copies?
No, digital proposals will not be accepted in lieu of hardcopies at this time. Please see RFP page 10 for details.



CITY OF MONROVIA, CALIFORNIA
JUNE 30, 2022

SINGLE AUDIT REPORT

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JUNE 30, 2022

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SINGLE AUDIT REPORT

JUNE 30, 2022

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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*

To the Honorable Mayor and Members of the City Council
City of Monrovia, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monrovia, California (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2022.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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



To the Honorable Mayor and Members of the City Council
City of Monrovia, California

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.

Lance, Solt & Lughard, LLP

Brea, California
December 21, 2022



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 THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Monrovia, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Monrovia, California (the "City")'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



To the Honorable Mayor and Members of the City Council
City of Monrovia, California

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.



To the Honorable Mayor and Members of the City Council
City of Monrovia, California

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 21, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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.

Lance, Soll & Luyhard, LLP

Brea, California
December 21, 2022

CITY OF MONROVIA, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Unique Entity ID</u>	<u>Federal Expenditures</u>
CDBG - Entitlement Grants Cluster			
<u>U.S. Department of Housing and Urban Development Programs:</u>			
Passed through the County of Los Angeles:			
Community Development Block Grant	14.218	T2JVAUBNJ4E5	\$ 9,390
Community Development Block Grant	14.218	T2JVAUBNJ4E5	161,572
Subtotal - Assistance Listing 14.218			<u>170,962</u>
Total U.S. Department of Housing and Urban Development Direct Programs			<u>170,962</u>
Total CDBG - Entitlement Grants Cluster			<u>170,962</u>
 <u>U.S. Department of Justice</u>			
Direct Program:			
Federal Asset Forfeiture - Equitable Sharing Program	16.922	N/A	<u>133,879</u>
Direct Program:			
Bullet Proof Vest Partnership Program	16.607	N/A	<u>6,026</u>
Total U.S. Department of Justice			<u>139,905</u>
 Highway Safety Cluster			
<u>U.S. Department of Transportation</u>			
Passed through the State of California			
Office of Traffic Safety:			
State and Community Highway Safety	20.600	XCA4E3XL2KY7	38,792
State and Community Highway Safety	20.600	XCA4E3XL2KY7	33,327
Subtotal - Assistance Listing 20.600			<u>72,119</u>
Total Highway Safety Cluster			<u>72,119</u>
 Highway Planning and Construction Cluster			
<u>U.S. Department of Transportation</u>			
Passed through the State of California			
Department of Transportation			
Safe Routes to School Program*	20.205	D2C8ARJZKDJ7	<u>279,606</u>
Total U.S. Department of Transportation			<u>279,606</u>
Total Highway Planning and Construction Cluster			<u>279,606</u>
 <u>U.S. Department of Treasury</u>			
Direct Program:			
Federal Asset Forfeiture	21.000	N/A	<u>83,898</u>
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.019	N/A	<u>62,250</u>
Direct Program:			
Corona Virus State and Local Fiscal Recovery Funds*	21.027	N/A	<u>4,345,574</u>
Total U.S. Department of Treasury			<u>4,491,722</u>
 <u>U.S. Office of National Drug Control Policy</u>			
Direct Programs:			
High Intensity Drug Trafficking Program	95.001	N/A	1,200,089
High Intensity Drug Trafficking Program	95.001	N/A	<u>3,863,703</u>
Total U.S. Office of National Drug Control Policy			<u>5,063,792</u>
 <u>U.S. Department of Homeland Security</u>			
Passed through the County of Los Angeles			
State Homeland Security Grant Program			
State Homeland Security Grant Program	97.067	T2JVAUBNJ4E5	21,632
State Homeland Security Grant Program	97.067	T2JVAUBNJ4E5	200
Subtotal - Assistance Listing 97.067			<u>21,832</u>
Direct Programs:			
Public Assistance - Bobcat Fire	97.036	N/A	91,518
Public Assistance - COVID-19	97.036	N/A	26,210
Subtotal - Assistance Listing 97.036			<u>117,728</u>
Total U.S. Department of Homeland Security			<u>139,560</u>
Total Federal Expenditures			<u>\$ 10,357,666</u>

* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule.

Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: There were no payments to subrecipients during the year.

CITY OF MONROVIA, CALIFORNIA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Monrovia, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

c. Indirect Cost Rate

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

CITY OF MONROVIA, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

• Significant deficiencies identified? yes none reported

• Material weaknesses identified? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

• Significant deficiencies identified? yes none reported

• Material weaknesses identified? yes no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>
<u>20.205</u>	<u>Highway Planning and Construction Cluster</u>

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low risk auditee? yes no

CITY OF MONROVIA, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



CITY OF MONROVIA, CALIFORNIA

Administrative Services

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.