

**CITY OF SUNNYVALE**

Single Audit Reports

For the Year Ended June 30, 2013

**CITY OF SUNNYVALE**

For the Year Ended June 30, 2013

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**Independent Auditor’s 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 Sunnyvale, 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 Sunnyvale, California (City), as of and for the year ended June 30, 2013, 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 3, 2013.

***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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider to be a significant deficiency.

### ***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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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.

 Macias Gini & Connell LLP

Walnut Creek, California  
December 3, 2013

**Independent Auditor’s Report on Compliance For Each Major Federal Program,  
on Internal Control Over Compliance, and on the Schedule of Expenditures of  
Federal Awards Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Sunnyvale, California’s (City) 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 each of the City’s major federal programs for the year ended June 30, 2013. 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.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-002. Our opinion on each major federal program is not modified with respect to this matter.

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

### **Report on Internal Control Over Compliance**

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

*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 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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-002, that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 City as of and for the year ended June 30, 2013, and have issued our report thereon dated December 3, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Macias Gini & Connell LLP*

Walnut Creek, California  
March 18, 2014

**CITY OF SUNNYVALE**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

| Federal Grantor/Pass-Through Grantor/Program                        | Federal Catalog Number | Grant Identifying Number or Pass-Through Entity Number | Federal Expenditures |
|---|------------------------|--|----------------------|
| <b>U.S. Department of Housing and Urban Development</b>             |                        |  |                      |
| Direct Program:   |                        |  |                      |
| CDBG - Entitlement Grants Cluster:                                  |                        |  |                      |
| Community Development Block Grants/Entitlement Grants:              |                        |  |                      |
| Program expenditures  | 14.218                 | N/A  | \$ 955,383           |
| Subrecipients:  |                        |  |                      |
| Bill Wilson Center  | 14.218                 | N/A  | 23,174               |
| EHC Lifebuilders  | 14.218                 | N/A  | 22,283               |
| Family & Children Services  | 14.218                 | N/A  | 20,391               |
| First United Methodist Church                                       | 14.218                 | N/A  | 7,848                |
| May View Community Health Center                                    | 14.218                 | N/A  | 17,826               |
| Outreach & Escort Inc   | 14.218                 | N/A  | 31,196               |
| Sunnyvale Community Services Inc                                    | 14.218                 | N/A  | 294,967              |
| YWCA of Silicon Valley  | 14.218                 | N/A  | 18,718               |
| Subtotal CDBG - Entitlement Grants Cluster                          |                        |  | 1,391,786            |
| Home Investment Partnerships Program:                               |                        |  |                      |
| Program expenditures  | 14.239                 | N/A  | 1,754,101            |
| Prior year ending loan balance                                      | 14.239                 | N/A  | 8,150,396            |
| Subrecipients:  |                        |  |                      |
| Housing Authority of the County of Santa Clara                      | 14.239                 | N/A  | 163,587              |
| Santa Clara Valley Health & Hospital System                         | 14.239                 | N/A  | 5,193                |
| Subtotal Home Investment Partnerships Program                       |                        |  | 10,073,277           |
| Total U.S. Department of Housing and Urban Development              |                        |  | 11,465,063           |
| <b>U.S. Department of Justice</b>                                   |                        |  |                      |
| Direct Program:   |                        |  |                      |
| Bulletproof Vest Partnership Program                                | 16.607                 | N/A  | 3,289                |
| Edward Byrne Memorial Justice Assistance Grant Program              | 16.738                 | N/A  | 28,682               |
| Equitable Sharing Program   | 16.922                 | N/A  | 25,489               |
| Total U.S. Department of Justice                                    |                        |  | 57,460               |
| <b>U.S. Department of Labor</b>                                     |                        |  |                      |
| Pass-Through State of California Employment Development Department: |                        |  |                      |
| WIA Cluster:  |                        |  |                      |
| WIA Adult Program   | 17.258                 | K282490  | 199,560              |
| WIA Adult Program   | 17.258                 | K386312  | 794,502              |
| WIA Adult Program   | 17.258                 | K178675  | 228,091              |
| Subtotal WIA Adult Program  |                        |  | 1,222,153            |
| WIA Youth Activities  | 17.259                 | K386312  | 781,455              |
| WIA Youth Activities  | 17.259                 | K282490  | 206,164              |
| Subtotal WIA Youth Activities                                       |                        |  | 987,619              |
| WIA Dislocated Workers Formula Grants                               | 17.278                 | K386312  | 1,103,558            |
| WIA Dislocated Workers Formula Grants                               | 17.278                 | K282490  | 298,192              |
| WIA Dislocated Workers Formula Grants - NEG OJT                     | 17.278                 | K282490  | 177,626              |
| WIA Dislocated Workers Formula Grants - Rapid Response              | 17.278                 | K386312  | 552,505              |
| WIA Dislocated Workers Formula Grants - Rapid Response              | 17.278                 | K282490  | 106,257              |
| WIA Dislocated Workers Formula Grants - Rapid Response AAG          | 17.278                 | K282490  | 2,265,348            |
| WIA Dislocated Workers Formula Grants - STAR XXI                    | 17.278                 | K178675  | 748,842              |
| Subtotal WIA Dislocated Workers Formula Grants                      |                        |  | 5,252,328            |
| Subtotal WIA Cluster  |                        |  | 7,462,100            |
| Total U.S. Department of Labor                                      |                        |  | 7,462,100            |
| <b>U.S. Department of Transportation</b>                            |                        |  |                      |
| Highway Planning and Construction Cluster:                          |                        |  |                      |
| Pass-Through State of California Department of Transportation:      |                        |  |                      |
| Fair Oaks Avenue Over Caltrans                                      | 20.205                 | BHLS-5213(039)   | 498,431              |
| Mtn View-Alviso Road Over Calabazas Creek                           | 20.205                 | BRLS-5213 (040)  | 11,235               |
| Mathilda Avenue Railroad Overpass Improvement                       | 20.205                 | BRLS-5213 (018)  | 1,001,651            |
| Hendy Ave Complete Street Project                                   | 20.205                 | STPL-5213(036)   | 22,039               |
| Sunnyvale Ave / Old San Francisco Intersection Reconstruction       | 20.205                 | STPL-5213(043)   | 257,603              |
| Bernardo Ave / Remington Drive Intersection                         | 20.205                 | HSIPL-5213(045)  | 46,014               |
| Downtown Streetscape Improvements                                   | 20.205                 | RPSTPL-5213 (042)                                      | 16,630               |
| Downtown Streetscape Improvements                                   | 20.205                 | CML-5213(037)  | 2,829                |
| Federal Safe Routes to School                                       | 20.205                 | SRTSL-5213 (044)                                       | 1,233                |
| Pass-Through Metropolitan Transportation Commission:                |                        |  |                      |
| Lawrence Station Area Plan  | 20.205                 | STPL-6084(146)   | 46,440               |
| Subtotal Highway Planning and Construction Cluster                  |                        |  | 1,904,105            |

See accompanying notes to the schedule of expenditures of federal awards.

**CITY OF SUNNYVALE**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

| Federal Grantor/Pass-Through Grantor/Program  | Federal Catalog Number | Grant Identifying Number or Pass-Through Entity Number | Federal Expenditures |
|---|------------------------|--|----------------------|
| <b>U.S. Department of Transportation (Continued)</b>  |                        |  |                      |
| Highway Safety Cluster:   |                        |  |                      |
| State and Community Highway Safety Program:   |                        |  |                      |
| Pass-Through State of California Office of Traffic Safety and County of Santa Clara:                                |                        |  |                      |
| Avoid the 13  | 20.600                 | AL1352   | \$ 4,633             |
| Pass-Through State of California Office of Traffic Safety and UC Berkeley Safe Transportation and Education Center: |                        |  |                      |
| Sobriety Checkpoint Minigrant   | 20.600                 | SC13422  | 7,500                |
| Sobriety Checkpoint Minigrant   | 20.600                 | SC12422  | 15,317               |
| Subtotal Highway Safety Cluster   |                        |  | <u>27,450</u>        |
| Pass-Through State of California Office of Traffic Safety and County of Santa Clara:                                |                        |  |                      |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Bike Party Enforcement                       | 20.608                 | AL1320   | 2,966                |
| Total U.S. Department of Transportation   |                        |  | <u>1,934,521</u>     |
| <b>U.S. Department of Treasury</b>  |                        |  |                      |
| Direct Program:   |                        |  |                      |
| Treasury Forfeiture Fund Program  | 21.000                 | N/A  | 123,115              |
| Total U.S. Department of Treasury   |                        |  | <u>123,115</u>       |
| <b>National Endowment for the Humanities</b>  |                        |  |                      |
| Pass-Through California Council for the Humanities:   |                        |  |                      |
| Promotion of the Humanities_Federal/State Partnership   | 45.129                 | CAR11-50   | 1,870                |
| Total National Endowment for the Humanities   |                        |  | <u>1,870</u>         |
| <b>Institute of Museum and Library Services</b>   |                        |  |                      |
| Pass-Through California State Library:  |                        |  |                      |
| Grants to States:   |                        |  |                      |
| Learning Together: An Interactive Program   | 45.310                 | 40-8146  | 2,065                |
| Printing Old and New  | 45.310                 | 40-8186  | 10,207               |
| Lawyers in the Library  | 45.310                 | 40-8032  | 2,028                |
| Subtotal Grants to States   |                        |  | <u>14,300</u>        |
| Total Institute of Museum and Library Services  |                        |  | <u>14,300</u>        |
| <b>U.S. Department of Health and Human Services</b>   |                        |  |                      |
| Pass-Through County of Santa Clara:   |                        |  |                      |
| A\Special Programs for the Aging_Title III, Part B_Grants for Supportive  | 93.520                 | 1U58DP002500-01  | 31,251               |
| ARRA - Prevention and Wellness--Communities Putting Prevention to Work  | 93.724                 | 1U58DP002545-01  | 5,217                |
| Total U.S. Department of Health and Human Services  |                        |  | <u>36,468</u>        |
| <b>U.S. Department of Homeland Security</b>   |                        |  |                      |
| Direct Program:   |                        |  |                      |
| Assistance to Firefighters Grant  | 97.044                 | N/A  | 1,386,000            |
| Pass-Through State of California Emergency Management Agency and Santa Clara County Office of Emergency Services:   |                        |  |                      |
| Emergency Management Performance Grants   | 97.042                 | 2012-0027  | 3,654                |
| Homeland Security Grant Program   | 97.067                 | 2010-0085  | 211,565              |
| Total U.S. Department of Homeland Security  |                        |  | <u>1,601,219</u>     |
| Total Expenditures of Federal Awards  |                        |  | <u>\$ 22,696,116</u> |

See accompanying notes to the schedule of expenditures of federal awards.

## CITY OF SUNNYVALE

### Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

**(1) GENERAL**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of the federal award programs of the City of Sunnyvale, California (the City). The City's reporting entity is defined in Note 1 to its basic financial statements. The SEFA includes all federal awards received directly from federal agencies and federal awards passed-through other governmental agencies.

**(2) BASIS OF PRESENTATION**

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. In addition, the outstanding balance of prior year's loans that have significant continuing compliance requirements has been included in the total federal expenditures for the HOME Investment Partnerships Program (see Note 5).

**(3) RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS**

Expenditures of federal awards are reported in the City's basic financial statements as expenditures in the governmental funds or as expenses/capital assets in the proprietary funds. Federal award expenditures/expenses/capital assets agree or can be reconciled with the amounts reported in the City's basic financial statements.

**(4) RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the SEFA agree to or can be reconciled with the amounts reported in the related federal financial reports.

**(5) LOANS OUTSTANDING**

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs maintain servicing and trust arrangements with the City to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The federal government has imposed certain continuing compliance requirements with respect to the loans rendered under the HOME Investment Partnerships Program (CFDA number 14.239). As of June 30, 2013, the total amount of loans outstanding subject to continuing compliance requirements was \$9,743,258, which is included in the SEFA.

**CITY OF SUNNYVALE**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

**Section I Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued on the basic financial statements of the City: Unmodified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? No
- ◆ Significant deficiency(ies) identified? Yes

Noncompliance material to the financial statements noted? No

*Federal Awards*

Internal control over major programs:

- ◆ Material weakness(es) identified? No
- ◆ Significant deficiency(ies) identified? Yes

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

| Federal Domestic<br>Catalog Number(s) | Name of Federal Program or Cluster   |
|---------------------------------------|--------------------------------------|
| 14.218                                | CDBG - Entitlement Grants Cluster    |
| 14.239                                | Home Investment Partnerships Program |
| 97.044                                | Assistance to Firefighters Grant     |

Dollar threshold used to distinguish between type A and type B programs: \$680,883

Auditee qualified as a low-risk auditee? Yes

# CITY OF SUNNYVALE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

### Section II Financial Statement Finding

#### Item 2013-001 – Significant Deficiency Improve Internal Control Over Financial Reporting

##### *Criteria*

The U.S. Office of Management and Budget defines internal control as the steps an entity takes to provide reasonable assurance that the entity's objectives are achieved through 1) effective and efficient operations, 2) reliable financial reporting, and 3) compliance with laws and regulations. Over the years, the City has established an internal control assessment process, documented its controls for significant accounts and transactions, and evaluated the effectiveness of its internal control over financial reporting.

Internal controls should be continuously assessed and evaluated in order to adapt to the City's changes in its controls over initiating, recording, processing, and reconciling account balances, classes of transactions and disclosure and related assertions included in the financial statements; controls related to the initiation and processing of routine and non-routine transactions; and controls related to the selection and application of appropriate accounting policies.

##### *Condition*

During the fiscal year 2013 audit, the City identified a billing error in which a vendor has under-billed the City for water purchases for the year ended June 30, 2012. The City entered into a settlement with the vendor in which the City agreed to pay \$1,110,506 for the under-billed amount. The City recorded a prior period adjustment and adjusted the June 30, 2012 net position and liabilities balances for the Water Supply and Distribution major enterprise fund.

##### *Cause*

The City's internal controls over financial reporting did not identify the misstatements timely.

##### *Recommendation*

We recommend that the City continue to re-evaluate its internal control over financial reporting and monitor the effect of these changes to ensure that the procedures are designed appropriately and are operating effectively.

##### *Management Response*

The City's agreement with the Santa Clara Valley Water District (SCVWD), the agency that made the billing error, requires that SCVWD provide accurate metering and billing of water. In this instance, the SCVWD did not notify the City of a meter reading error that affected FY 2011/12 billings until January of 2013. Given that the City's potable water system is interconnected, is served from three different sources, and distributes water to almost 29,000 individual customers, it is difficult to detect, in a timely manner, when meter readings from one of a specific wholesale supplier's multiple turnout meters may be incorrect. Compounding this issue are fluctuations in customer demand, which has been trending steeply downward due to the recession, as well as improvements in the plumbing code.

The City's Finance Department currently tracks its water sales and compares those to the purchased amounts reported by the City's wholesalers on their water bills. This practice will be enhanced to provide these reports directly to water distribution operations staff so that they can be compared to what the City's distribution system is reporting and thereby detect anomalies earlier. Additionally, the City has requested that the SCVWD review its meter testing and calibration practices, increase the frequency of testing and calibration, and provide the City with these records to verify its compliance with the contract between the City and the SCVWD.

# CITY OF SUNNYVALE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

### Section III Federal Award Finding and Questioned Cost

#### **Finding 2013-002 Reporting Requirements- Federal Funding Accountability and Transparency Act**

Federal Program Title: Home Investment Partnerships Program  
Federal Catalog Number(s): 14.239  
Federal Agency: U.S. Department of Housing and Urban Development  
Pass-Through Entity: N/A – Direct Award  
Federal Award Number(s): Not Available

#### *Criteria*

The Federal Funding Accountability and Transparency Act (FFATA) was signed on September 26, 2006. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website [www.USASpending.gov](http://www.USASpending.gov). The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime grantees use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements. The FFATA reporting requirements do not apply to awards funded by the American Recovery and Reinvestment Act.

Prime grantees are required to report each first-tier subaward or subaward amendment that results in an obligation of \$25,000 or more in federal funds by the end of the month following the month in which the subcontract award or modification occurs. Due to the newness of the FFATA reporting requirements and implementation challenges that prime grantees have had with the FFATA reporting process, the federal government has issued a waiver of reporting delays provided that the prime grantee could demonstrate a “good faith” effort to comply. Demonstration of a “good faith” effort by a recipient should be evidenced by proper documentation such as: emails or phone logs of communication between a recipient and the awarding agency or the General Services Administration; or computer screen shots that illustrate recipient attempts to upload information into the FSRS.

#### *Condition*

The City is a prime grantee of federal awards under the Home Investment Partnerships Program. The City did not submit subaward data in the FSRS for a contract awarded in fiscal year ended June 30, 2013 and was unable to provide proper documentation to demonstrate that a good faith effort was made.

#### *Questioned Costs*

None noted. The FFATA report captures subaward information and does not affect program expenditures.

#### *Cause*

The City was unaware the program expenditure for the contract awarded in fiscal year ended June 30, 2013 was subject to the Federal Funding Accountability and Transparency Act subaward reporting requirements.

#### *Effect*

The City is not in compliance with the FFATA reporting requirement.

## CITY OF SUNNYVALE

### Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

#### **Finding 2013-002 Reporting Requirements - Federal Funding Accountability and Transparency Act (Continued)**

##### *Recommendation*

We recommend the City report all subawards made to date in the FSRS. If technical or other difficulties prevent compliance with the reporting requirements by the specified due dates, the departments should retain proper documentation to demonstrate good faith effort.

##### *City's Response and Corrective Action Plan*

The City is aware of the FFATA and has been submitting the required reporting for first tier subawards that meet the criteria for other Federal programs. This has included reporting subawards made to housing and human service providers from Community Development Block Grants. Staff assigned to FFATA compliance for the Home Investment Partnership Program was not aware reporting was required for subawards to another public agency, in this case the County of Santa Clara. City Staff has now submitted the report for this subaward in the FSRS, and has reviewed prior reporting to ensure completeness. Staff will note in their Standard Operating Procedures that subawards to both types of recipients may be subject to the requirements.

**CITY OF SUNNYVALE**

Schedule of Prior Year Findings and Questioned Costs

For the Year Ended June 30, 2013

**Financial Statement and Federal Award Findings**

There were no financial statement nor federal award findings for the year ended June 30, 2012.

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