

Certified Public Accountants
& Consultants

 **JACKSON
THORNTON**

City of Montgomery, Alabama
September 30, 2019
Single Audit Report

**City of Montgomery, Alabama
September 30, 2019**

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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

The Honorable Mayor and Members of the City Council
City of Montgomery, Alabama

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montgomery, Alabama (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 4, 2020. We conducted our audit 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 City of Montgomery Employees' Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City of Montgomery Employees' Retirement System. Our report includes a reference to other auditors who audited the financial statements of the Montgomery City-County Public Library (the Library), the discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the Library were not audited in accordance with *Government Auditing Standards*.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2019-001 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 of Montgomery, Alabama's Response to Findings

City of Montgomery, Alabama'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 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.

Jackson Thornton & Co. PC

Montgomery, Alabama
March 11, 2020

Independent Auditor’s Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Mayor and Members of the City Council
City of Montgomery, Alabama

Report on Compliance for Each Major Federal Program

We have audited the City of Montgomery, Alabama’s (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’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 September 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

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 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Montgomery, Alabama (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 4, 2020, 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 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.

Jackson Thornton & Co. PC

Montgomery, Alabama
March 11, 2020

City of Montgomery, Alabama
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CDFA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Agriculture				
Passed through the Alabama Department of Education				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	AGJ 0000 FY19	\$ 149,126	\$ 1,950
Total U.S. Department of Agriculture			<u>149,126</u>	<u>1,950</u>
U.S. Department of Defense				
Direct Program				
Community Economic Adjustment Assistance for Compatible				
Use and Joint Land Use Studies	12.610	EN1502-17-02	65,250	
Total U.S. Department of Defense			<u>65,250</u>	
U.S. Department of Housing and Urban Development				
Direct Program				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-01-0007	122,304	
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-01-0007	371,936	
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-01-0007	51,411	51,411
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-01-0007	190,842	26,062
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-01-0007	838,969	600,812
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-01-0007	85,594	
Subtotal CDBG - Entitlement Grants Cluster			<u>1,661,056</u>	<u>678,285</u>
Direct Program				
Emergency Solutions Grant Program	14.231	E-17-MC-01-0005	47,075	41,365
Emergency Solutions Grant Program	14.231	E-18-MC-01-0005	118,287	110,060
Subtotal Emergency Solutions Grant Program			<u>165,362</u>	<u>151,425</u>

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

City of Montgomery, Alabama
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CDFA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
Direct Program				
HOME Investment Partnerships Program	14.239	M-16-MC-01-0204	\$ 68,201	\$ 68,201
HOME Investment Partnerships Program	14.239	M-17-MC-01-0204	53,032	3,023
HOME Investment Partnerships Program	14.239	M-18-MC-01-0204	<u>44,355</u>	<u>34,135</u>
Subtotal HOME Investment Partnerships Program			<u>165,588</u>	<u>105,359</u>
Total U.S. Department of Housing and Urban Development			<u>1,992,006</u>	<u>935,069</u>
 U.S. Department of the Interior				
Direct Program				
Historic Preservation Fund Grants-in-Aid	15.904	P18AP00114	<u>37,000</u>	<u> </u>
Total U.S. Department of the Interior			<u>37,000</u>	<u> </u>
 U.S. Department of Justice				
Direct Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0329	5,765	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0432	50,302	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0733	<u>42,950</u>	
Total U.S. Department of Justice			<u>99,017</u>	

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

City of Montgomery, Alabama
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CDFA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Transportation				
Passed through the Alabama Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	IAR-051-000-008	\$ 4,294	
Highway Planning and Construction	20.205	ACAA61051-ATRP (003)	5,082	
Highway Planning and Construction	20.205	STPMN-5114(521)	30,199	
Highway Planning and Construction	20.205	STPMN-5116(250)	34,474	
Highway Planning and Construction	20.205	STPMN-5116(251)	7,994	
Highway Planning and Construction	20.205	STPMN-5115() PE	38,070	
Highway Planning and Construction	20.205	STPMN 5116	102,560	
Highway Planning and Construction	20.205	STPAA-7730(600)	30,545	
Highway Planning and Construction	20.205	STPOA-7733	9,772	
Highway Planning and Construction	20.205	STPOA-7701(602)	2,464	
Highway Planning and Construction	20.205	IAR-051-000-013	508,511	
Highway Planning and Construction	20.205	STPOA-7729(600)	40,381	
Highway Planning and Construction	20.205	STPMT-7730(600)	3,403	
Highway Planning and Construction	20.205	STPMT-7733(600)	16,765	
Highway Planning and Construction	20.205	MPF/2019 UPWP	275,732	
Subtotal Highway Planning and Construction Cluster			1,110,246	
Direct Program				
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500	AL-04-0049-00	106,016	
Subtotal Federal Capital Investment Grants			106,016	
Federal Transit Formula Grants	20.507	AL-90-X247-00	1,515	
Federal Transit Formula Grants	20.507	AL-1019-2018-1	106,321	
Federal Transit Formula Grants	20.507	AL-2019-013-00	2,578,910	
Subtotal Federal Transit Formula Grants			2,686,746	
Bus and Bus Facilities Formula Program	20.526	AL-34-0005-00	1,760	
Subtotal Federal Transit Cluster			2,794,522	

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

City of Montgomery, Alabama
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CDFA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
Direct Program				
Transit Services Programs Cluster				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	AL-2016-020-00	\$ 18,917	
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	AL-2017-021-00	24,867	
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	AL-2018-012-00	<u>210,000</u>	
Subtotal Transit Services Programs Cluster			<u>253,784</u>	
Passed through the Alabama Department of Economic and Community Affairs				
Highway Safety Cluster				
State and Community Highway Safety	20.600	19-SP-PT-002	24,146	
State and Community Highway Safety	20.600	19-FP-PT-002	<u>9,243</u>	
Subtotal State and Community Highway Safety			<u>33,389</u>	
Occupant Protection Incentive Grants	20.602	19-OP-M1-002	<u>3,291</u>	
Subtotal Highway Safety Cluster			<u>36,680</u>	
Total U.S. Department of Transportation			<u>4,195,232</u>	
Institute of Museum and Library Services				
Passed through the Alabama Public Library Service				
Grants to States	45.310		<u>20,000</u>	
Total Institute of Museum and Library Services			<u>20,000</u>	
U.S. Department of Energy				
Passed through the Alabama Department of Economic and Community Affairs				
State Energy Program	81.041	1SEP19 DOE 10	<u>15,000</u>	
Total U.S. Department of Energy			<u>15,000</u>	

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

City of Montgomery, Alabama
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CDFA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Health and Human Services				
Passed through the Alabama Department of Public Health				
Public Health Emergency Preparedness Grant	93.069	CEP-14-PV8-18	68,291	
Total U.S. Department of Health and Human Services			<u>68,291</u>	
Executive Office of the President				
Passed through the Alabama Department of Public Safety				
High Intensity Drug Trafficking Areas Program	95.001	G17GC0006A	\$ 20,478	
Total Executive Office of the President			<u>20,478</u>	
U.S. Department of Homeland Security				
Passed through the Alabama Department of Homeland Security				
Emergency Management Performance Grants	97.042	9EMF	74,932	
Passed through the Alabama Department of Homeland Security				
Homeland Security Grant Program	97.067	7FIL	8,141	
Homeland Security Grant Program	97.067	7LET MCSD	7,443	
Homeland Security Grant Program	97.067	8LOC MCSD	47,393	
Homeland Security Grant Program	97.067	8FIL	7,445	
Homeland Security Grant Program	97.067	8LET MCSD	75,504	
Homeland Security Grant Program	97.067	6ADM MCSD	24,989	
Subtotal Homeland Security Grant Program			<u>170,915</u>	
Direct Program				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2017-FH-00199	686,124	
Total U.S. Department of Homeland Security			<u>931,971</u>	
Total expenditures of Federal awards			<u>\$ 7,593,371</u>	<u>\$ 937,019</u>

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

City of Montgomery, Alabama
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Montgomery, Alabama (the City) and is presented on the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Reporting Entity

The City's reporting entity is fully described in Note 1 to the financial statements.

Note 3 - Indirect Cost Rates

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

City of Montgomery, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued - unmodified

Internal Control Over Financial Reporting

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes _____ None reported

Noncompliance Material to Financial Statements Noted?

_____ Yes X No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes _____ None reported

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?

 X Yes _____ No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

City of Montgomery, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

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*.

Finding 2019-001 - Significant Deficiency

Criteria - Internal controls should be in place that provide reasonable assurance that capital asset activity is accurately recorded throughout the year.

Condition - The internal controls over capital asset accounting were not adequate to prevent or detect errors in the recording of asset additions. The City incorrectly recorded capital asset additions and donation transactions.

Cause and effect - The City's procedures currently in place were not effective. The supervisory reviews performed were not adequate to detect the following errors: 1) erroneously recorded debt payment as a capital asset addition 2) land donated to the City that was recorded as revenue and capital outlay in the capital project fund (noncash donations are not recordable in governmental funds) and 3) donated easements not valued correctly due to a clerical error in the rate per square foot.

Recommendation - The City's procedures for the review of capital asset additions should be improved by requiring the preparation of detailed supporting documentation that provides the reviewer with sufficient information to determine the accuracy and appropriateness of each addition in a timely fashion.

Views of responsible officials - The City agrees with the finding. The City will improve the review of capital asset additions.

City of Montgomery, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

Section III - Federal Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to major federal programs that are required to be reported in accordance with the Uniform Guidance.

Finding 2019-002 - Reporting (Noncompliance)

Identification of the federal program - U.S. Department of Homeland Security CFDA No. 97.083 Staffing for Adequate Fire and Emergency Response.

Criteria - 2 CFR 200.328 requires recipients to submit performance reports, the frequency determined by the terms and conditions of the Federal award and supported by the underlying records.

Condition - The City is required to file quarterly performance reports. Three quarterly reports filed by the City varied from the underlying personnel records for filled SAFER-funded positions, total operational personnel, and NFPA-certified personnel.

Cause and effect - The City did not report accurate information on the Hiring Performance Reports due to errors in compiling information from personnel records.

Recommendation - The City should strengthen its policies and procedures related to Federal award reporting to comply with reporting requirements.

Views of responsible officials - The City agrees with the finding. The City will strengthen its policies and procedures related to Federal award reporting to comply with reporting requirements.

Finding 2019-003 - Reporting (Significant Deficiency)

Identification of the federal program - U.S. Department of Homeland Security CFDA No. 97.083 Staffing for Adequate Fire and Emergency Response

Criteria - 2 CFR 200.328 requires recipients to submit performance reports, the frequency determined by the terms and conditions of the Federal award and supported by the underlying records.

Condition - The City does not have a process in place for independent review of financial and performance reports for this specific federal program.

Cause and effect - The City did not report accurate information on the Hiring Performance Reports due to a lack of appropriate independent review.

Recommendation - The City should implement a process over performance reporting in which there is an independent review of reports and underlying information.

Views of responsible officials - The City agrees with the finding. The City will implement a process over performance reporting in which there is an independent review of reports and underlying information.

City of Montgomery, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

Section IV - Prior Year Audit Findings

Finding 2018-001 - Reporting (Noncompliance)

Identification of the federal program - U.S. Department of Housing and Urban Development CFDA No. 14.218 Community Development Block Grants/Entitlement Grants

Criteria - 2 CFR 200.327 requires recipients to submit financial reports, the frequency determined by the terms and conditions of the Federal award and supported by the accounting records.

Condition - The City is required to file quarterly financial reports. Three quarterly reports filed by the City varied from the supporting accounting records by a total of approximately \$60,000 for receipts and \$60,000 for disbursements. Also, when reporting federal cash receipts, cash on hand from the prior reporting period should be included. The City only reported current funds received, and therefore, inaccurately reported federal cash on hand.

Cause and effect - The City did not report accurate amounts on the Federal Financial Report SF-425 due to errors in compiling amounts from accounting records.

Status - Corrective action taken

Finding 2018-002 - Reporting (Significant Deficiency)

Information on the federal program - U.S. Department of Housing and Urban Development CFDA No. 14.218 Community Development Block Grants/Entitlement Grants

Criteria - 2 CFR 200.327 requires recipients to submit financial reports, the frequency determined by the terms and conditions of the Federal award and supported by the accounting records.

Condition - The City did not follow the U.S. Department of Housing and Urban Development's instructions for completing quarterly financial reports. Several financial and nonfinancial items were misreported, the most significant being the reporting of federal cash. When reporting federal cash receipts, cash on hand from the prior reporting period should be included. The City only reported current funds received, and therefore, inaccurately reported federal cash on hand.

Cause and effect - The City did not report accurate financial and nonfinancial information on the Federal Financial Report SF-425 due to a lack of appropriate review of supporting accounting records and form instructions.

Status - Corrective action taken

City of Montgomery, Alabama
Corrective Action Plan
For the Year Ended September 30, 2019

Contact person

Betty Beville, Interim Finance Director
Phone number - (334) 625-2033
Email - bbeville@montgomeryal.gov

Finding 2019-001 - Significant Deficiency

Management concurs. In the future, the City will improve the review of capital asset additions.

Finding 2019-002 - Reporting (Noncompliance)

Management concurs. In the future, the City will use better care in checking the information reported and the underlying records used for quarterly performance reports.

Finding 2019-003 - Reporting (Significant Deficiency)

Management concurs. The City will implement a process over performance reporting in which there is an independent review of reports and underlying information.