

## STAFF REPORT

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**Date:** April 28, 2021

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** **B.9. Staff Report (For Possible Action): Acceptance of the Single Audit Report for the fiscal year ending June 30, 2020.**

**From:** Deborah Lauchner, Director of Finance

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**Summary:** The City conducts an annual audit of its financial records and statements to ensure financial transparency and accountability. Part of that audit includes a compliance audit (the “Single Audit”) for each major, federal grant program awarded to the City of Reno for which expenditures were incurred. A major federal grant or assistance program is one in which the award was \$750,000 or greater. The results of the audit are usually published as part of the Comprehensive Annual Financial Report. However, due to a delay in receiving guidance from the U.S. Office of Management and Budget, the Single Audit could not be completed in time to be included in the Comprehensive Annual Financial Report. Staff recommends Council accept the Single Audit Report for the fiscal year ending June 30, 2020.

**Background:** Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”) requires that major federal grant programs and federal assistance programs be audited by an independent auditor to determine compliance with the uniform guidance and specific requirements contained within the grant/financial assistance award documents. The auditors must then issue an opinion if the City complied with all aspects of the Uniform Guidance. This opinion is issued as part of the Single Audit Report, which is comprised of three parts: the Independent Auditors’ Report on Compliance for Each Major Program; the Report on Internal Control over Compliance; and the Report on Schedule of Expenditures of Federal Awards (SEFA) required by the Uniform Guidance.

Since the audit of major federal grant programs includes the review of actual expenditures, the Single Audit is usually conducted in conjunction with the annual audit of the City’s financial statements as required by NRS 354.624, and the Single Audit Report is presented as part of the Comprehensive Annual Financial Report. While the CAFR has an annual deadline of December 31, the Single Audit has an annual deadline for submission to the federal government of March 31. However, the U.S. Office of Management and Budget did not issue the audit guidelines for

the CARES Act until late December 2020, which caused delays in completing the audit of the City's major federal programs. Therefore, the City's Comprehensive Annual Financial Report was issued separately and accepted by Council as required by NRS 354.624 on February 24, 2021.

**Discussion:** The City's FY 2019-20 Single Audit Report has been completed and has received a clean opinion from the City's external auditors, BDO USA LLP. The opinion states that the City complied, in all material respects, with the types of compliance requirements stated in the Uniform Guidance that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. There were no findings or questioned costs reported. The findings identified in the FY 2018-19 audit were resolved with no further reporting required.

A draft of the Single Audit Report was presented and accepted by the Financial Advisory Board at its April 1, 2021 meeting.

**Financial Implications:** There is no fiscal impact from accepting the Single Audit Report for the fiscal year ended June 30, 2020.

**Legal Implications:** Compliance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) allows the City to continue to seek federal grant and financial assistance opportunities, and allows the City of Reno to remain in good standing with the federal agencies with regards to currently active grants.

**Recommendation:** Staff recommends acceptance of the Single Audit Report for the Fiscal Year ending June 30, 2020.

**Proposed Motion:** I move to approve staff recommendation.

**Attachments:**

- Brief CC Presentation FY 2020 Single Audit Report (PDF)
- FS - 4-9-2021 FINAL - City of Reno - Single Audit - 6-30-2020 (PDF)
- FINAL - City of Reno - Audit Wrap-Up - 6-30-2020 (PDF)