

---

***CITY OF INDEPENDENCE, MISSOURI***  
*UNIFORM GUIDANCE*  
*SINGLE AUDIT REPORT*  
*JUNE 30, 2020*

---

## Contents

---

	Page
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 <i>Government Auditing Standards</i> .....	1 - 2
Independent Auditors' Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; And Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance .....	3 - 6
Schedule Of Expenditures Of Federal Awards .....	7 - 9
Notes To Schedule Of Expenditures Of Federal Awards .....	10
Schedule Of Findings And Questioned Costs .....	11 - 14
Corrective Action Plan .....	15
Summary Schedule Of Prior Audit Findings .....	16



1200 Main Street  
Suite 1000  
Kansas City, MO 64105

T: 816.472.1122  
E: info@rubinbrown.com  
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

**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***

The Honorable Mayor and Members  
of the City Council  
City of Independence, Missouri

We have audited, in accordance with 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 City of Independence, Missouri (the City) as of and for the year ended June 30, 2020, 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 23, 2020. Our report includes a reference to other auditors who have audited the financial statements of Cable Dahmer Arena included in the Events Center major enterprise fund, as described in our report on the City's financial statements. The financial statements of the Cable Dahmer Arena 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) 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 may exist that have not been identified.

### **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*.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

December 23, 2020

**Independent Auditors' Report On Compliance For  
Each Major Federal 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 Independence, Missouri

**Report On Compliance For Each Major Federal Program**

We have audited the City of Independence, Missouri'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 June 30, 2020. The City's major federal programs are identified in the summary of auditors' 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.

***Auditors' 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 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 Major Federal Programs***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. 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 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 did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 and 2020-002 that we consider to be significant deficiencies.

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 and corrective action plans. 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.

The Honorable Mayor and Members  
of the City Council  
City of Independence, Missouri

---

## **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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 23, 2020, which contained unmodified opinions on those financial statements. Our audit report included a reference to other auditors. 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*RubinBrown LLP*

March 24, 2021

# CITY OF INDEPENDENCE, MISSOURI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Identifying/Grant Number	Federal Expenditures	Passed Through To Subrecipients
<b>U.S. Department Of Agriculture</b>				
Farmer's Market Supplemental Nutrition Assistance Program Support	10.545	SNAP-FSUP-15-MO-02	\$ 2,210	\$ —
<b>Total U.S. Department Of Agriculture</b>			<u>2,210</u>	<u>—</u>
<b>U.S. Department Of Housing And Urban Development</b>				
Community Development Block Grant	14.218	B14-MC-29-0002	35,828	17,148
Community Development Block Grant	14.218	B16-MC-29-0002	37,320	32,623
Community Development Block Grant	14.218	B18-MC-29-0002	134,790	133
Community Development Block Grant	14.218	B19-MC-29-0002	422,576	70,579
Subtotal			<u>630,514</u>	<u>120,483</u>
<i>Passed Through Missouri Department of Economic Development:</i>				
Neighborhood Stabilization Program	14.228	2008-DN-07	305	—
			<u>305</u>	<u>—</u>
HOME Investment Partnership	14.239	M16-MC-29-0207	88,723	—
HOME Investment Partnership	14.239	M17-MC-29-0207	74,141	—
HOME Investment Partnership	14.239	M18-MC-29-0207	41,247	—
Subtotal			<u>204,111</u>	<u>—</u>
<b>Total U.S. Department Of Housing And Urban Development</b>			<u>834,930</u>	<u>120,483</u>
<b>U.S. Department of Interior</b>				
National Park Service				
<i>Passed Through the Missouri Department of Natural Resources:</i>				
Historic Preservation Grant Fund	15.904	29-19-171413-020	19,266	—
			<u>19,266</u>	<u>—</u>
<b>Total U.S. Department The Interior</b>			<u>19,266</u>	<u>—</u>
<b>U.S. Department Of Justice</b>				
2016 Improving Criminal Justice Response	16.590	2016-WE-AX-0036	32,121	1,884
			<u>32,121</u>	<u>1,884</u>
<i>Passed Through Jackson County:</i>				
Edward Byrne Memorial Justice Assistance Grant 17	16.738	2017-H3171-MO-DJ	2,765	—
			<u>2,765</u>	<u>—</u>
Equitable Sharing Program	16.922	N/A	179,592	—
			<u>179,592</u>	<u>—</u>
<b>Total U.S. Department Of Justice</b>			<u>214,478</u>	<u>1,884</u>
<b>U.S. Department of Transportation</b>				
Federal Highway Administration				
<i>Passed Through the Missouri Department of Transportation, Highway Planning and Construction:</i>				
Noland and Fair	20.205	CMAQ-3379 (432)	183,860	—
Operation Greenlight	20.205	CMAQ-3379 (435)	95,100	—
Englewood Art District	20.205	TAP 3379 (433)	258,265	—
Subtotal			<u>537,225</u>	<u>—</u>

# CITY OF INDEPENDENCE, MISSOURI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Identifying/Grant Number	Federal Expenditures	Passed Through To Subrecipients
<i>Passed Through Kansas City Area Transportation Authority</i>				
Urbanized Area Formula Transit (49 USC 5307)	20.507	MO-2017-018-01	\$ 569,291	\$ —
			569,291	—
<i>National Highway Transportation Safety Administration, Passed Through the Missouri Department of Transportation's Division of Highway Safety Highway Safety Cluster:</i>				
Hazardous Moving Violations Program	20.600	20-PT-02-016	61,714	—
Hazardous Moving Violations Program	20.600	19-PT-02-013	21,717	—
Hazardous Moving Violations Program	20.600	19-PT-02-051	3,993	—
Red Light Running and Aggressive Driving Enforcement	20.600	20-PT-02-016	13,106	—
Red Light Running and Aggressive Driving Enforcement	20.600	19-PT-02-013	3,307	—
I-70 Aggressive Driving Enforcement Project	20.600	20-PT-02-016	33,777	—
I-70 Aggressive Driving Enforcement Project	20.600	19-PT-02-013	14,264	—
Subtotal			151,878	—
<i>Passed Through the University of Central Missouri Highway Safety Cluster</i>				
Statewide Traffic Enforcement Program - Child Passenger Safety	20.600	19-PT-02-067	606	—
			606	—
Subtotal	20.600		152,484	—
<i>Passed Through the Missouri Department of Transportation's Division of Highway Safety Highway Safety Cluster:</i>				
Drug Recognition Expert Training	20.616	19-M5HVE-03-001	1,187	—
DWI Enforcement	20.616	19-M5HVE-03-001	4,223	—
Occupant Protection Program	20.616	20-M2HVE-05-009	17,199	—
Occupant Protection Program	20.616	19-M2HVE-05-003	2,385	—
Police E-Ticketing	20.616	20-M3DA-04-008	19,975	—
<i>Passed Through University of Central Missouri Highway Safety Cluster:</i>				
Statewide Traffic Enforcement Program - Click It or Ticket	20.616	20-M2HVE-05-030	2,441	—
Subtotal			47,410	—
Subtotal - Highway Safety Cluster			199,894	—
<i>Passed Through the Missouri Department of Transportation's Division of Highway Safety:</i>				
DWI Enforcement	20.607	19-154-AL-013	8,922	—
DWI Enforcement	20.607	20-154-AL-106	145,292	—
Youth Alcohol Enforcement	20.607	19-154-AL-013	13,931	—
Youth Alcohol Enforcement	20.607	20-154-AL-106	29,731	—
Subtotal			197,876	—
<i>Passed Through the University of Central Missouri</i>				
Statewide Traffic Enforcement Program - July 4th DWI Enforcement	20.607	19-154-AL-019	3,716	—
Statewide Traffic Enforcement Program - Drive Sober or Get Pulled Over	20.607	20-154-AL-017	13,317	—
Statewide Traffic Enforcement Program - Holiday DWI Enforcement	20.607	20-154-AL-017	1,989	—
Statewide Traffic Enforcement Program - Youth Alcohol Enforcement	20.607	20-154-AL-017	4,993	—
Subtotal			24,015	—
Subtotal	20.607		221,891	—
<b>Total U.S. Department Of Transportation</b>			<b>1,528,301</b>	<b>—</b>

# CITY OF INDEPENDENCE, MISSOURI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Identifying/Grant Number	Federal Expenditures	Passed Through To Subrecipients
<b>U.S. Department Of Health And Human Services</b>				
Administration on Aging				
<i>Passed Through the Mid America Regional Council:</i>				
Senior Transportation Services	93.044	19-2961014-CI	\$ 13,535	\$ —
Administration on Aging				
<i>Passed Through the Mid America Regional Council:</i>				
Administration on Aging, Senior Nutrition Site	93.045	19-2961014-CI	38,640	—
<i>Passed Through Truman Medical Center:</i>				
First Responders Comprehensive Addiction & Recovery Act	93.243	N/A	200	—
Administration on Aging				
<i>Passed Through the Mid America Regional Council:</i>				
Senior Medicaid Assessments	93.778	19-2961014-CI	6,780	—
Administration for Children and Families				
<i>Passed Through the Missouri Department of Health and Senior Services:</i>				
Child Care Sanitation Program Inspections	93.575	ERS220-17118	2,700	—
Child Care Sanitation Program Inspections	93.575	ERS220-20118	3,020	—
Subtotal			5,720	—
<i>Passed Through the Missouri Department of Health and Senior Services:</i>				
Maternal & Child Health Services	93.994	AOC15380116	10,120	—
<b>Total U.S. Department Of Health And Human Services</b>			74,995	—
<b>Executive Office Of The President</b>				
Office of National Drug Control Policy, High Intensity				
<i>Passed Through the Kansas Bureau of Investigation</i>				
Midwest High Intensity Drug Trafficking Area Task Force	95.001	G18MW0003A	16,502	—
Midwest High Intensity Drug Trafficking Area Task Force	95.001	G19MW0003A	64,354	—
Midwest High Intensity Drug Trafficking Area Task Force	95.001	G20MW0003A	95,351	—
Midwest High Intensity Drug Trafficking Area - Investigative Support Center Initiative	95.001	G18MW0003A	6,307	—
Midwest High Intensity Drug Trafficking Area - Investigative Support Center Initiative	95.001	G19MW0003A	138,794	—
<b>Total Executive Office Of The President</b>			321,308	—
<b>U.S. Department Of Homeland Security</b>				
<i>Passed Through the State Emergency Management</i>				
<i>Agency:</i>				
2015 Storm Cleanup	97.036	FEMA-4238-DR-MO	145,612	—
<i>Passed Through the State Emergency Management</i>				
<i>Agency:</i>				
Emergency Management Assistance	97.042	EMK-2019-EP-00001-051	105,209	—
Emergency Management Assistance	97.042	EMK-2020-EP-00004-51	58,101	—
Subtotal			163,310	—
<i>Passed Through the Mid America Regional Council:</i>				
Sustain Regional Badging and Accountability	97.067	EMW-2018-SS00044-01	1,750	—
<b>Total Department Of Homeland Security</b>			310,672	—
<b>Total Expenditures Of Federal Awards</b>			\$ 3,306,160	\$ 122,367

See Notes to Schedule of Expenditures of Federal Awards.

# CITY OF INDEPENDENCE, MISSOURI

---

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Independence, Missouri (the City) for the year ended June 30, 2020. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule of expenditures of federal awards. The information presented in this schedule is in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

### 2. Significant Accounting Policies

Expenditures of federal awards are recognized under the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business.

### 3. Indirect Cost Rate

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

**CITY OF INDEPENDENCE, MISSOURI**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2020**

---

**Section I - Summary Of Auditors' Results**

---

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

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)?    \_\_\_ yes     x  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 auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

x  yes    \_\_\_ no

Identification of major programs:

<u>Name Of Federal Program Or Cluster</u>	<u>CFDA Number</u>
<b>U.S. Department Of Housing And Urban Development</b> Community Development Block Grants/Entitlement Grants	14.218
<b>U.S. Department Of Transportation</b> Urbanized Area Formula Transit (49 USC 5307)	20.507
<b>U.S. Department Of Transportation</b> Highway Safety Cluster	20.600, 20.616

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

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ yes     x  no

**CITY OF INDEPENDENCE, MISSOURI**

---

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)**  
**June 30, 2020**

---

**Section II - Financial Statement Findings**

---

**NONE**

# CITY OF INDEPENDENCE, MISSOURI

---

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

June 30, 2020

---

### Section III - Federal Award Findings And Questioned Costs

---

#### **Finding 2020-001 – Significant Deficiency**

**CFDA: 14.218 – Community Development Block Grants/Entitlement Grants**

**Federal Award No. B-14-MC-29-0002, B-16-MC-29-0002, B-18-MC-29-0002, and B-19-MC-29-0002**

**U.S. Department Of Housing and Urban Development (HUD)**

**Compliance Requirement: Reporting**

**Criteria:** Recipients use standardized formats to report expenditures under Federal awards, as well as, when applicable, cash status. OMB requires submission of the reports in an effort to obtain information from the recipients of Federal funding assistance. HUD must collect and review these reports for compliance with applicable requirements. The reporting frequency is quarterly or annually, depending on the report.

**Condition/Context:** In our non-statistically valid sample, we noted in one instance of the two tested where the City submitted the SF-425 report (or its equivalent) 4 days past the deadline. We noted one instance of the one tested where the City did not submit (through the date of this audit report) the annual CAPER report, which includes the PR03 and the PR26 report. We noted one instance of the one tested that the HUD 60002 report was 147 days past the deadline.

**Cause:** The City did not properly implement internal controls over the reporting compliance requirements to ensure the aforementioned reports were filed timely.

**Effect:** The City failed to meet the required deadlines for report submission. The local field office did not receive the information in the forms in a timely basis.

**Questioned Costs:** None.

**Identification As A Repeat Finding:** This is a repeat finding in an immediately prior audit period.

**Recommendation:** The City should implement review procedures over reporting and formalize the report submission process to ensure compliance.

**Views Of Responsible Officials:** Refer to Corrective Action Plan.

# CITY OF INDEPENDENCE, MISSOURI

---

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) JUNE 30, 2020

### **Finding 2020-002 – Significant Deficiency**

**CFDA: 14.218 – Community Development Block Grants/Entitlement Grants**

**Federal Award No. B-14-MC-29-0002, B-16-MC-29-0002, B-18-MC-29-0002, and B-19-MC-29-0002**

**U.S. Department Of Housing and Urban Development (HUD)**

**Compliance Requirement: Reporting**

**Criteria:** Recipients use standardized formats to report expenditures under Federal awards, as well as, when applicable, cash status. OMB requires submission of the reports in an effort to obtain information from the recipients of Federal funding assistance. HUD must collect and review these reports for compliance with applicable requirements.

**Condition/Context:** In our non-statistically valid sample, we noted in one instance of the one annual 60002 form tested where the City included the total dollar amount of construction contracts awarded as \$651,221.62 in the section “Part II: Contracts Awarded”, line “Total dollar amount of construction contracts awarded”. The City provided support for awards made from the City’s disbursements of \$610,000, which is \$41,221.62 less than the amount included in the previously noted line item. HUD identifies this line as a “Key Line Item” in the report.

**Cause:** The City did not properly implement internal controls over the reporting compliance requirement to ensure the aforementioned report was filed with proper supporting documentation maintained by the City.

**Effect:** The local field office of HUD received information about the amount of “contracts awarded” from the City’s disbursements that was overstated for the time period covered by the report.

**Questioned Costs:** None.

**Identification As A Repeat Finding:** This is not a repeat finding in an immediately prior audit period.

**Recommendation:** The City should implement review procedures over reporting and formalize the report submission process to ensure compliance.

**Views Of Responsible Officials:** Refer to Corrective Action Plan.



**Corrective Action Plan  
For the Year Ended June 30, 2020**

**Finding 2020-001**

**Personnel Responsible for Corrective Action:** Tom Scannell, Community Development Director

**Anticipated Completion Date:** Process changes will be implemented prior to June 30, 2021, and any outstanding reports will be completed and submitted to HUD prior to June 30, 2021.

**Corrective Action Plan:** The City fell behind on the filing of reports due to staffing changes. Current staff realize the importance of timely filing and will create a year-end checklist for all required reports and their filing deadlines. Outlook tasks will be utilized to provide automated reminders with enough lead time for timely completion. Staff from the Community Development and Finance Departments will meet monthly to review activities and processes.

**Finding 2020-002**

**Personnel Responsible for Corrective Action:** Tom Scannell, Community Development Director

**Anticipated Completion Date:** Process changes will be implemented prior to June 30, 2021 to properly document and provide verification of amounts being reported on the HUD 60002 report.

**Corrective Action Plan:** Staff will create an internal packet with the supporting documentation for the amounts reported on the HUD 60002 report. The supporting documentation will include information from both the HUD portal and the City's internal computer system that ties to each amount being reported. Staff will prepare the report and supporting documentation and submit to the Community Development Director for review prior to submitting to HUD. Staff from the Community Development and Finance Departments will meet monthly to review activities and processes.

# CITY OF INDEPENDENCE, MISSOURI

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For The Year Ended June 30, 2020

Finding No.	CFDA No.	Program	Condition	Current Year Status
2019-001	NA	Financial Statement	Cash related to utility deposits had not been effectively reconciled between the bank statement and the general ledger during the 2019 fiscal year. During the fiscal year, the monthly bank statements presented balances that exceeded the general ledger balances, and the difference between the bank and the general ledger increased each month relative to the prior month. Customer deposits were being accounted for only in the utility billing system and not in the general ledger. Staff communicated to us they were aware of the variance. In October of 2019, the City posted \$1.82 million of correcting entries that were identified by the City in order to complete the reconciliation.	Corrective Action Taken
2019-002	NA	Financial Statement	The City procurement policies leave the City susceptible to questions of accountability in the award process because documentation that includes the technical evaluation of bidders and rationale of making awards is not necessarily retained in all procurement files.	Corrective Action Taken
2019-003	NA	Financial Statement	When Munis was initially implemented July 1, 2018, functionality included within MUNIS was not set up to be used to prepare the financial statement directly from information in the general ledger. Instead, the financial statement was prepared using account balances maintained in MUNIS with manual groupings completed outside of MUNIS.	Corrective Action Taken
2019-004, original year of finding 2019	14.218	CDBG	In our non-statistically valid sample, we noted in both instances of the two tested where the City did not submit the SF-425 reports by the required deadline. One report was 366 days past the deadline, and the other report was 93 days past the deadline. The City did not properly implement internal controls over the reporting compliance requirements to ensure that SF-425 reports were filed timely.	Partially repeated, see 2020-001. The finding related to the SF-425 was resolved after the first submission of the 2019-2020 year. The current reporting findings that relate to the CAPER and HUD 60002 forms are due to changes in roles in the current year that will be addressed – see corrective action plan.