



City of Greensboro

Melvin Municipal
Office Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Report

File Number: 2023-146

Agenda Item# H. 11.

Agenda Date: 2/21/2023. **Department:** Financial & Administrative Services

Meeting Type: Council Meeting **Category:** Consent Agenda

Title: 2023 – 146 Resolution Providing Written Response to Certain Audit Findings Relating to FY 2021 – 22 Annual Independent Audit as Required by Local Government Commission

Council Priority: Place an ‘x’ in the box.

- Create an Environment to Promote Economic Development Opportunities and Job Creation
- Maintain Infrastructure and Provide Sustainable Growth Opportunities
- Promote Public Safety & Reduce Crime
- Exceptional Customer Service and a Diverse City Government Workforce
- Ensure Fiscal Stewardship, Transparency, & Accountability

Council District: N/A

Public Hearing: No

Advertising Date/By: N/A

Contact 1 and Phone: Marlene Druga, Ext 2094

Contact 2 and Phone: Sarah Rupp, Ext 4905

PURPOSE:

To adopt a resolution providing a written response to certain audit findings relating to the FY 2021 -22 annual independent audit as required by the Local Government Commission (LGC)

BACKGROUND:

The City completed the annual independent audit of its FY 2021 – 22 financial statements and received an “unmodified” or “clean” audit opinion. The auditor reported the results of the audit to the Audit Committee at its regularly scheduled meeting on December 12, 2022 with the report available on the City’s website under Audit Committee meetings at [eSCRIBE Agenda Package \(escribemeetings.com\)](https://www.escribeagenda.com).

Starting with the FY 2021 audit submittal, City Council was required to take certain actions regarding the audited financial results, as required by the LGC. Specifically, a majority of the Board must adopt a resolution identifying a written corrective action plan for any performance

indicators of concern and other findings noted by the auditor and submit a formal response to the LGC.

A Council action on 2/7/23 identified a performance indicator of concern and re-affirmed the Council's fund balance improvement plan adopted in the previous year.

The proposed action on 2/21/23 addresses two (2) other findings reported by the auditor.

- 1) **Other Finding:** During their year-end review of capital assets, City Finance Department staff identified that certain capital assets transferred within the organization in the prior year (FY 2021) were not properly removed from the fund that made the transfer and thus were double-counted in the City's financial records.

Response: The Parks & Recreation Department was re-organized during FY 2021 and their Cultural Arts program was restructured to report to another area. Certain assets including land, building and equipment were duplicated in both the Parks & Recreation Department and Cultural Arts functions at 6-30-2021. The necessary accounting correction was made by Finance staff during the normal year-end closing process in FY 2022. A new procedure was implemented to have a secondary management review and sign off for capital asset disposals and additions that are transferred between departments.

- 2) **Other Finding:** During the prior year's audit, FY2021, the Schedule of Findings and Questioned Costs included a significant deficiency stating that documentation did not exist to evidence the City's monitoring of subrecipients in administration of the City's Emergency Rental Assistance Program. It was recommended that the City implement additional procedures to prevent recurrence of this weakness. The City's Neighborhood Development Department staff took immediate and appropriate steps to correct the matter and completed written subrecipient monitoring procedures in accordance with an established corrective action plan.

While the corrective procedures were implemented by staff in FY 2022, the auditor advised the Audit Committee that they identified additional opportunities for improvements for consideration, but did not rise to the level of a significant deficiency and related to ensuring all monitoring reviews and follow up is tracked and completed in a timely manner.

Response: Please find Neighborhood Development's response attached.

BUDGET IMPACT:

N/A

ACCOUNT NUMBER:

N/A

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council adopt the attached resolution that addresses certain audit-related findings for the City's FY 2021 -22 annual independent audit in accordance with LGC requirements.