

CITY OF LAKE CHARLES, LOUISIANA

**UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2020

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

C O N T E N T S

| | 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> | 3-4 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 5-8 |
| Schedule of Expenditures of Federal Awards | 9-12 |
| Notes to the Schedule of Expenditures of Federal Awards | 13-15 |
| Schedule of Findings and Questioned Costs | 16-19 |
| Summary Schedule of Prior Audit Findings Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 20 |
| Management's Corrective Action Plan (Unaudited) | 21-22 |

05005.000 Audit 9/30/2020 1100.005 single audit report

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

Honorable Mayor Nicholas Hunter
and City Council
City of Lake Charles
Lake Charles, Louisiana

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 Audit Standards*, issued by the Comptroller General of the United States, 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 Lake Charles, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lake Charles, Louisiana'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 of Lake Charles, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lake Charles, Louisiana'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 of Lake Charles, Louisiana's financial statements are free of 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*.

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 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Lake Charles, Louisiana
March 29, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

Honorable Mayor Nicholas Hunter
and City Council
City of Lake Charles
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Charles, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Lake Charles, Louisiana's major federal programs for the year ended September 30, 2020. The City of Lake Charles, Louisiana'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 of Lake Charles, Louisiana'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 of Lake Charles, Louisiana'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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination on the City of Lake Charles, Louisiana's compliance.

Basis for Qualified Opinion on CFDA 14.218 Community Development Block Grant

As described in the accompanying schedule of findings and questioned costs, the City of Lake Charles, Louisiana did not comply with requirements regarding CFDA 14.218 Community Development Block Grants as described in finding numbers 2020-001, 2020-002, and 2020-003 for Special Tests. Compliance with such requirements is necessary, in our opinion, for the City of Lake Charles, Louisiana to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 14.218 Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Lake Charles, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.218 Community Development Block Grant for the year ended September 30, 2020.

Other Matters

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

Unmodified Opinion on Each of the Other Major Federal Program

In our opinion, the City of Lake Charles, Louisiana 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Lake Charles, Louisiana 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 of Lake Charles, Louisiana'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 City of Lake Charles, Louisiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-003 to be material weaknesses.

City of Lake Charles, Louisiana's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Lake Charles, Louisiana'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 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 Lake Charles, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Lake Charles, Louisiana's basic financial statements. We issued our report thereon dated March 29, 2021, 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.

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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Lake Charles, Louisiana
March 29, 2021

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2020

| <u>Grant Type</u> | <u>Federal CFDA Number</u> |
|---|------------------------------------|
| U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT: | |
| Direct program: | |
| Community Development Block Grant | 14.218 |
| Community Development Block Grant | 14.218 |
| Community Development Block Grant | 14.218 |
| Community Development Block Grant | 14.218 |
| Community Development Block Grant | 14.218 |
| Total CFDA Number 14.218 | |
| Passed Through Louisiana Department of Administration: | |
| HUD/HOME Grant Program | 14.239 |
| HUD/HOME Grant Program | 14.239 |
| HUD/HOME Grant Program | 14.239 |
| Total Passed Through Louisiana Department of Administration | |
| Total U.S. Department of Housing & Urban Development | |
| U.S. DEPARTMENT OF HEALTH AND HOSPITALS: | |
| Direct program: | |
| Beach Monitoring and Notification Program | 66.472 |
| U.S. DEPARTMENT OF HOMELAND SECURITY: | |
| Passed Through Louisiana Department of Military Affairs: | |
| Public Assistance Grant | 97.036 |
| State Homeland Security Grant Program | 97.067 |
| Total U.S. Department of Homeland Security | |
| U.S. DEPARTMENT OF TREASURY: | |
| Direct program: | |
| Coronavirus Relief Fund | 21.019 |

| <u>Grant Number</u> | <u>Grant Period</u> | | <u>Grant Receipts</u> | <u>Current Expenditures</u> |
|-----------------------|---------------------|-----------|-----------------------|-----------------------------|
| | <u>From</u> | <u>To</u> | | |
| B-15MC-22-0004 | 10/1/19 | 9/30/20 | \$ 680 | \$ 680 |
| B-16MC-22-0004 | 10/1/19 | 9/30/20 | 1,453 | 1,453 |
| B-17MC-22-0004 | 10/1/19 | 9/30/20 | 87,308 | 87,308 |
| B-18MC-22-0004 | 10/1/19 | 9/30/20 | 300,500 | 300,500 |
| B-19MC-22-0004 | 10/1/19 | 9/30/20 | 57,483 | 57,483 |
| | | | <u>447,424</u> | <u>447,424</u> |
| | | | | |
| B-17-MC-22-0208 | 10/1/19 | 9/30/20 | 4,072 | 4,072 |
| B-18-MC-22-0208 | 10/1/19 | 9/30/20 | 20,283 | 20,283 |
| B-19-MC-22-0208 | 10/1/19 | 9/30/20 | 33,029 | 33,029 |
| | | | <u>57,384</u> | <u>57,384</u> |
| | | | | |
| | | | <u>504,808</u> | <u>504,808</u> |
| | | | | |
| I-10 Beach | 10/1/19 | 9/30/20 | <u>750</u> | <u>750</u> |
| | | | | |
| FEMA-1607-DR-LA | 10/1/19 | 9/30/20 | 4 | 4 |
| EMW-2017-SS-00058-S01 | 10/1/19 | 9/30/20 | <u>3,681</u> | <u>3,681</u> |
| | | | <u>3,685</u> | <u>3,685</u> |
| | | | | |
| 20-1892-0-1-806 | 10/1/19 | 9/30/20 | <u>4,412,733</u> | <u>2,041,893</u> |

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2020
(Continued)

| <u>Grant Type</u> | <u>Federal CFDA Number</u> |
|--|------------------------------------|
| U.S. DEPARTMENT OF TRANSPORTATION: | |
| Direct Program: | |
| Federal Transit Administration | 20.507 |
| Federal Transit Administration | 20.507 |
| Federal Transit Administration | 20.507 |
| Federal Transit Administration | 20.507 |
| Federal Transit Administration | 20.507 |
| Total CFDA Number 20.507 | |
| Federal Highway Administration | 20.205 |
| Passed Through Louisiana Highway Safety Commission: | |
| Highway Safety | 20.600 |
| Total U.S. Department of Transportation | |
| U.S. DEPARTMENT OF JUSTICE: | |
| Direct Program: | |
| COPS | 16.710 |
| Justice Assistance Grant | 16.738 |
| Justice Assistance Grant-CARES | 16.034 |
| US Marshal Service | 16.922 |
| Bulletproof Vest Partnership Program | 16.607 |
| Total U.S. Department of Justice | |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE: | |
| Passed Through Louisiana Volunteer Commission: | |
| AmeriCorps 2019-2020 Grant | 94.006 |
| EXECUTIVE OFFICE OF THE PRESIDENT: | |
| HIDTA | 95.001 |
| TOTAL FEDERAL AWARDS | |

| Grant Number | Grant Period | | Grant Receipts | Current Expenditures |
|-------------------|--------------|---------|---------------------|----------------------|
| | From | To | | |
| LA-2016-014 | 10/1/19 | 9/30/20 | 132,573 | 132,573 |
| LA-2017-023 | 10/1/19 | 9/30/20 | 675,859 | 675,859 |
| LA-2019-001 | 10/1/19 | 9/30/20 | 544,362 | 544,362 |
| LA-2020-009 CARES | 10/1/19 | 9/30/20 | 2,488,992 | 2,488,992 |
| LA-04002400 | 10/1/19 | 9/30/20 | 117,724 | 117,724 |
| | | | <u>3,959,510</u> | <u>3,959,510</u> |
| H.0010440.6 | 10/1/19 | 9/30/20 | 4,789 | 4,789 |
| 2020-30-35 | 10/1/19 | 9/30/20 | <u>20,926</u> | <u>20,926</u> |
| | | | <u>3,985,225</u> | <u>3,985,225</u> |
| 2014UMWX0011 | 10/1/19 | 9/30/20 | 143,348 | 143,348 |
| 2018-DJ-BX-0443 | 10/1/19 | 9/30/20 | 41,462 | 41,462 |
| 2020-VD-BX-0666 | 10/1/19 | 9/30/20 | 142,762 | 142,762 |
| JLEOTFS425302 | 10/1/19 | 9/30/20 | 8,441 | 8,441 |
| 2019 BPV | 10/1/19 | 9/30/20 | 4,546 | 4,546 |
| | | | <u>340,559</u> | <u>340,559</u> |
| 12AFHLA0010002 | 10/1/19 | 9/30/20 | 62,375 | 62,375 |
| G20GC001A | 10/1/19 | 9/30/20 | <u>71,557</u> | <u>71,557</u> |
| | | | <u>\$ 9,381,692</u> | <u>\$ 7,010,852</u> |

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2020

Note A. Scope of Audit

The audit was performed pursuant to the *Single Audit Act of 1996* and the *Uniform Guidance*.

Summary of significant accounting policies:

The Schedule of Expenditures of Federal Awards has been prepared on the full accrual basis of accounting used by the City in preparation of the government wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note B. Disbursements

Disbursements reported in the Schedule of Expenditures of Federal Awards cannot be traced, in every case, directly to the disbursements reported in the City's Comprehensive Annual Financial Report. However, the detailed information regarding the disbursements reflected in both issued reports can be traced to the City's detailed general ledger with adjustments for any year-end financial statement accruals and reversals.

Note C. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of the Uniform Guidance. The Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

Note D. Major Federal Awards Program

The City's major federal awards programs for the year ended September 30, 2020 were determined based on program activity. The City's major programs for the year ended September 30, 2020 consisted of 1 federally assisted high risk "Type A" program and 1 high risk "Type B" program.

Note E. Department of Environmental Quality Loan

The Department of Environmental Quality (DEQ) Loan is a loan program through which the State of Louisiana receives federal money to then loan to municipalities to improve water treatment. The U.S. Environmental Protection Agency (USEPA) is the federal agency administering the grant. The Louisiana Department of Environmental Quality (LDEQ) is the pass-through agency. The City of Lake Charles received money from the State under the loan program. The City of Lake Charles entered into the loan agreement on June 23, 2011 for an amount not to exceed \$21,000,000. The DEQ loan disburses funds to the City of Lake Charles after the expenditure is made. Interest of .45% per annum on the outstanding balance is paid semi-annually. At September 30, 2020, the principal balance is \$14,618,000.

Note F. Subrecipient Payments

1. CDBG - Subrecipient payments in the amount of \$5,208 to Family and Youth Counseling.
2. CDBG - Subrecipient payments in the amount of \$56,639 to Catholic Charities.
3. CDBG - Subrecipient payments in the amount of \$1,453 to New Covenant Faith.
4. CDBG - Subrecipients payments in the amount of \$11,280 to Educational and Treatment Council.
5. CDBG - Subrecipient payments in the amount of \$7,367 to SWLA Area Health Education Center.

Note G. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through March 29, 2021, which is the date which the schedule of expenditures of federal awards was available to be issued. The City is monitoring the impact from recovery related to Hurricanes Laura and Delta, but is unable to determine any potential impact on the schedule of expenditures of federal awards.

Note H. Indirect Cost Rate

The City did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness identified? Yes X No
Significant deficiency identified not
Considered to be material weakness? Yes X None reported
Noncompliance material to financial statements
noted Yes X No

Federal Awards

Internal control over major programs:
Material weakness identified? X Yes No
Significant deficiency identified not
Considered to be material weakness? Yes X None reported

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

Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance? X Yes No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 21.019 | Coronavirus Relief Fund |
| 14.218 | Community Development Block Grant |

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2020-001 Community Development Block Grant- CFDA No. 14.218; Grant No.
B-18-MC-22-004; Grant period- Year ended September 30, 2020
Special Test Provision- Wage Determination

| | |
|-----------------|--|
| Condition: | The contract for the project tested did not contain wage determination language. |
| Criteria: | Compliance requirements under Special Test Provisions for CFDA No. 14.218 require that construction contracts greater than \$2,000 contain wage rate requirement language. |
| Cause: | The City did not have proper review procedures in place to ensure that wage rate requirement language was included in construction contracts greater than \$2,000. |
| Effect: | Without proper communication, the City's contractor may have paid rates below the prevailing wage rate. |
| Context: | A sample of 1 project was selected for audit from a population of 2 projects. The test found that the project selected did not have wage determination language included in the contract. Our sample was a non-statistical sample. |
| Recommendation: | Adequate policies and procedures should be established and adhered to in order to ensure compliance with the wage rate requirements of the program. |

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020
(Continued)

**2020-002 Community Development Block Grant- CFDA No. 14.218; Grant No.
B-18-MC-22-004; Grant period- Year ended September 30, 2020
Special Test Provision- Request for Release of Funds**

Condition: The Request for Release of Funds for the project tested was not available for observation.

Criteria: Compliance requirements under Special Test Provisions for CFDA No. 14.218 require that the grantee only obligate and expend program funds after HUD's approval of the Request for Release of Funds.

Cause: The City's controls did not ensure that documentation supporting its receipt of its Request for Release of Funds prior to obligating and expending program funds was maintained.

Effect: Without documentation of the Request for Release of Funds, the City may have obligated or expended program funds prior to HUD's approval.

Context: A sample of 1 project was selected for audit from a population of 2 projects. The test found that the Request for Release of Funds was not maintained for the project selected. Our sample was a non-statistical sample.

Recommendation: Adequate policies and procedures should be established and adhered to in order to ensure compliance with the Request for Release of Funds requirements of the program.

**2020-003 Community Development Block Grant- CFDA No. 14.218; Grant No.
B-18-MC-22-004; Grant period- Year ended September 30, 2020
Special Test Provision- Environmental Review**

Condition: The determination of whether an environmental review was needed for the project tested was not available for observation.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

(Continued)

Criteria: Compliance requirements under Special Test Provisions for CFDA No. 14.218 require that projects have an environmental review unless they meet specified criteria that would exempt them from environmental certification requirements.

Cause: The City's controls did not ensure that documentation was maintained for its determination of whether an environmental review was needed.

Effect: Without documentation of the need for an environmental review, the City may have failed to identify risks associated with environmental factors for the project tested.

Context: A sample of 1 project was selected for audit from a population of 2 projects. The test found that the determination of the need for an environmental review was not maintained for the project selected. Our sample was a non-statistical sample.

Recommendation: Adequate policies and procedures should be established and adhered to in order to ensure compliance with the environmental review requirements of the program.

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Year Ended September 30, 2020

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR FINDINGS (UNAUDITED)
Year Ended September 30, 2020

SECTION I - FINANCIAL STATEMENT FINDINGS

No findings to report.

SECTION II - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

| <u>Finding No.</u> | <u>Corrective Action</u> |
|------------------------|---|
| 2020-001 | <p><u>SPECIAL TEST PROVISION - WAGE DETERMINATION</u></p> <p>The contract for the Roosevelt Street project did not contain wage determination language.</p> <p>The City's Engineering Division is responsible for putting together and having all CDBG contracts executed. Moving forward, the Community Development Department will require the Engineering Division to provide a draft of each contract to its Labor Compliance Officer for review. The Labor Compliance Officer will ensure, through his/her review, that the appropriate wage rate language is included in the contract.</p> |
| 2020-002 | <p><u>SPECIAL TEST PROVISION - REQUEST FOR RELEASE OF FUNDS</u></p> <p>The Request for Release of Funds for the Roosevelt Street project was not available for observation.</p> <p>Although the Community Development Department and the local HUD field office are sure the request for release of funds was completed for this project, poor record keeping has made it difficult for staff to find the record. The Community Development Department staff is currently working on a new set of procedures to ensure all documentation is kept in their proper places. Our local HUD field office is assisting us in this endeavor and locating the documentation. The Finance Department will update their procedure to request a copy of The Request for Release of Funds for all projects.</p> |

The determination of whether an environmental review was needed for the Roosevelt Street project was not available for observation.

As with the Request for Release of Funds, poor record keeping has made it difficult for staff to find the record. The Community Development Department staff is currently working on a new set of procedures to ensure all documentation is kept in their proper places. Our local HUD field office is assisting us in this endeavor. Staff will continue searching for the file.