

Community Development Block Grant – Disaster Recovery (CDBG-DR)

**Financial Management and Grant Compliance Certification
Requirements for Local Government Grantees
2021 Disasters**

Financial Management and Grant Compliance Certification Requirements for Local Governments

Instructions to grantees:

The term “grantee” refers units of general local government or “local government grantees” that received a direct allocation from HUD of Community Development Block Grant Disaster Recovery (CDBG-DR) funds.

If required an appropriations act, grant agreements will not be executed until the Secretary has issued a certification for the grantee. This Appropriations Act requires the Secretary to certify that the grantee has:

- Proficient financial controls in place;
- Proficient procurement processes in place;
- Adequate procedures to prevent any duplication of benefits as defined by section 312 (42 U.S.C. 5155) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) (Stafford Act);
- Adequate procedures to ensure timely expenditure of funds;
- Adequate procedures to maintain comprehensive websites regarding all disaster recovery activities assisted with the CDBG-DR funds; and
- Adequate procedures to detect and prevent fraud, waste, and abuse of funds.

CDBG-DR Certification Checklist:

HUD is adopting a revised process for implementing CDBG-DR grants whereby HUD will incorporate applicable provisions of the Consolidated Notice, to the extent they are consistent with future appropriations acts, in a Federal Register notice that announces allocations of the appropriated CDBG-DR funds (the “Allocation Announcement Notice”). The Allocation Announcement Notice cross references specific provisions of the Consolidated Notice and includes waivers and alternative requirements applicable for the subject grants. The Allocation Announcement Notice also adds or modifies requirements of the Consolidated Notice as necessary to comply with statutory requirements.

The Consolidated Notice describes the grant award process for CDBG-DR grantees, including the certification of financial controls and procurement processes and adequate procedures for proper grant management in Section III.A.1 of the notice. All CDBG-DR grantees must complete the Financial Management and Grant Compliance Certification Requirements and submit the Financial Management and Grant Compliance Certification Checklist (the “Certification Checklist”) to enable certification by the Secretary. This document is the Certification Checklist and incorporates all the Financial Management and Grant Compliance Certification Requirements.

If a CDBG-DR grantee is awarded a subsequent CDBG-DR grant, HUD will rely on the grantee’s prior submissions provided in response to the Financial Management and Grant Compliance Certification Requirements in the applicable Federal Register notice. HUD will continue to monitor the grantee’s submission and updates made to the policies and procedures during the normal course of business.

Note: The grantee must notify HUD of any substantial changes made to these submissions.

If a CDBG-DR grantee is awarded a subsequent CDBG-DR grant, and it has been more than three years since the executed grant agreement for the original CDBG-DR grant or a subsequent grant is equal to or greater than ten times the amount of the original CDBG-DR grant, grantees must update and resubmit the required documents with the completed Certification Checklist to enable the Secretary to certify that the grantee has in place proficient financial controls and procurement processes, and adequate procedures for proper grant management.

Financial Management and Grant Compliance Certification Requirements for Local Governments

If the grantee believes it complies with the requirement, the grantee should check the affirmation (e.g., the grantee “affirms” statement) under each question. The grantee must attach the required documentation, including the appropriate cross references in each Part of the Certification Checklist to demonstrate how the grantee will comply with the requirements. Most statements include citations in brackets, which have been provided for convenience to identify sources that served as the basis for the certification. The statements in this document reflect existing requirements and should not be read to impose additional requirements. Upon completion, a grantee must submit this checklist and the requested documentation to the grantee’s designated HUD representative.

Note: Grant Managers/CPD Representatives and Financial Analysts can assist the grantee in completing the Certification Checklist. grantees may contact their assigned Grant Manager/CPD Representative for questions on this checklist.

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Financial Management and Grant Compliance Certification Requirements for Local Governments

Certification Checklist for Local Government CDBG-DR Grantees
Name of Grantee: City of Lake Charles
Date of Submission: April 27, 2023

REQUIRED DOCUMENTATION

Attach the following documents. Please select the corresponding box to signify that the documentation has been attached (or received separately).

The most recent single audit.	<input checked="" type="checkbox"/>
The most recent comprehensive annual financial report (CAFR).	<input checked="" type="checkbox"/>
Procurement policies and procedures relevant to the CDBG-DR grant.	<input checked="" type="checkbox"/>
Policies and procedures governing the use of program income.	<input checked="" type="checkbox"/>
Policies and procedures that prevent duplication of benefits.	<input checked="" type="checkbox"/>
Policies and procedures to ensure timely expenditures.	<input checked="" type="checkbox"/>
Policies and procedures to maintain a comprehensive website.	<input checked="" type="checkbox"/>
Policies and procedures to detect and prevent fraud, waste, and abuse.	<input checked="" type="checkbox"/>

In the table below, please list the file names/identifiers, title of the documents, and page numbers, if applicable, for all attachments. Additional attachments can be listed in the tables at the end of the checklist.

Reference File Name/Identifier	Title of Document	Relevant Page Number (s)	Related Certification Question
Audit	Single Audit	N/A	Part A. 1)
CAFR	CAFR	All	Part A. 2)
Procurement	Procurement	All	Part B. 1) and 2)
Program Income	CDBG-DR- Draft Policy & Procedures Manual 1-2023	Pages 4 & 7	List Above
Duplication of Benefits	CDBG-DR- Draft Policy & Procedures Manual 1-2023	Pages 5-6	Part C. 1) - 3)
Timely Expenditures	CDBG-DR- Draft Policy & Procedures Manual 1-2023	Page 6-7	Part D. 1)
Website	CDBG-DR- Draft Policy & Procedures Manual 1-2023	Pages 8-9	Part E. 1) - 4)
Prevent Fraud, Waste & Abuse	CDBG-DR- Draft Policy & Procedures Manual 1-2023	Pages 9-13	Part F. 1) - 7)

OPTIONAL DOCUMENTATION: Grantees can choose to provide additional documentation to support their certification. If providing additional documentation, grantees should list the file names/identifiers, title of the documents, page numbers, and related certification question the documentation is addressing in the table below. Additional attachments can be listed in the tables at the end of the checklist.

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question

Financial Management and Grant Compliance Certification Requirements for Local Governments

PART A. Financial Management Controls

The grantee must have proficient financial controls. For purposes of the Secretary's certification, a grantee has in place proficient financial controls if the following statements are true:

1) The most recent single audit does not indicate weaknesses, deficiencies, or concerns related to CPD programs? [Section III.A.1.a.(1)(a)]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2) The most recent CAFR does not indicate weaknesses, deficiencies, or concerns? [Section III.A.1.a.(1)(a)]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3) If the single audit indicates deficiencies related to CPD programs, the grantee has documentation showing how those weaknesses have been or are being addressed? [Section III.A.1.a.(1)(a)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
4) If the CAFR does indicate deficiencies, the grantee has documentation showing how those weaknesses have been or are being addressed? [Section III.A.1.a.(1)(a)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
5) Has the grantee completed and submitted the certification documentation required in the applicable Certification Checklist? [Section III.A.1.a.(1)(b)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

The grantee should select one of the statements below.

- Grantee affirms that it does not have weaknesses, deficiencies, or concerns in the single audit or CAFR. ☒

OR

- If the grantee indicated weaknesses, deficiencies, or concerns related to CPD programs, the grantee has included documentation to address the weakness, deficiencies, or concerns. ☐

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question
Single Audit	City of Lake Charles Single Audit	All	Part A. 1) and 3)
CAFR	City of Lake Charles CAFR	All	Part A. 2) and 4)

Financial Management and Grant Compliance Certification Requirements for Local Governments

PART B. Procurement Processes

The grantee must have in place proficient procurement processes. For purposes of the Secretary's certification, a grantee has in place proficient procurement processes if the following statement is true.

1) The grantee has adopted the specific procurement standards at 2 CFR 200.318 through 2 CFR 200.327. [Section III.A.1.a.(2)(b)(i)]
2) The grantee has adopted procurement standards that uphold the principles of full and open competition. [Section III.A.1.a.(2)(b)]
Grantee affirms it meets this requirement: <input checked="" type="checkbox"/>

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question
Procurement Processes	Contracts and Procurement Policy & Procedures Manual	Throughout Document	1
Procurement Processes	Contracts and Procurement Policy & Procedures Manual	Page 1 & Throughout	2

Note: As required by Consolidated Notice, the grantee's Implementation Plan must indicate which personnel or unit is responsible for CDBG-DR procurement, along with contact information.

PART C. Procedures for Prevention of Duplication of Benefits

The grantee must have adequate procedures to prevent any duplication of benefits as defined by section 312 (42 U.S.C. 5155) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). For purposes of the Secretary's certification, a grantee has adequate procedures to prevent any duplication of benefits if the following statements are true:

<p>1) The grantee's Duplication of Benefits policies and procedures include a uniform process that:</p> <ul style="list-style-type: none"> determines all disaster assistance received by the grantee or applicant and all reasonably identifiable financial assistance available to the grantee or applicant, as applicable, before committing funds or awarding assistance; determines a grantee or an applicant's unmet need(s) for CDBG-DR assistance before committing funds or awarding assistance; and requires beneficiaries to enter into a signed agreement to repay any duplicative assistance if they later receive additional assistance for the same purpose for which the CDBG-DR award was provided. [Section III.A.1.a.(3)(a) – (c)]
<p>2) The grantee's identifies a method to monitor compliance with the agreement for a reasonable period (i.e., a time period commensurate with risk) and articulates this method in its policies and procedures, including the basis for the period during which the grantee will monitor compliance. This agreement must also include the following language: "Warning: Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729." [Section III.A.1.a.(3)(c)]</p>

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- 3) The policies and procedures provide that before the award of assistance, the grantee will use the best, most recent available data from FEMA, the Small Business Administration (SBA), insurers, and any other sources of local, state, and Federal sources of funding to prevent the duplication of benefits. [Section III.A.1.a.(3)(c)]

Grantee affirms it meets this requirement: ☒

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question
Duplication of Benefits	CDBG-DR Policy & Procedures Manual	Pages 5-6	Part C. 1) - 3)

Note: As required by applicable Federal Register notices, the grantee's Implementation Plan must indicate which personnel or unit is responsible for DOB compliance, along with contact information.

PART D. Procedures to Determine Timely Expenditures

A grantee must have adequate policies and procedures to determine timely expenditures. For purposes of the Secretary's certification, a grantee has adequate procedures to ensure the timely expenditure of funds if the following statement is true:

- 1) The grantee's timely expenditure policies and procedures indicate how it will track and document expenditures of the grantee and its subrecipients (both actual and projected reported in the performance report); how it will account for and manage program income; how it will reprogram funds in a timely manner for activities that are stalled; and how it will project expenditures of all CDBG-DR funds within the period provided in Section V.A. of the Consolidated Notice and applicable Allocation Announcement Notice. [Section III.A.1.a.(4)]

Grantee affirms it meets this requirement: ☒

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question
Timely Expenditures	CDBG-DR Policy & Procedures Manual	Pages 6-7	Part D. 1)

Note: As required by applicable Federal Register notices, the grantee's Implementation Plan must indicate which personnel or unit is responsible for timely expenditures, along with contact information.

PART E. Procedures to Maintain a Comprehensive Website

A grantee must have adequate policies and procedures to maintain a comprehensive accessible website. For purposes of the Secretary's certification, a grantee has adequate procedures to maintain a comprehensive website if the following statements are true:

- 1) The policies and procedures indicate to HUD that the grantee will have a separate webpage dedicated to its disaster recovery activities assisted with CDBG-DR funds and meet all requirements in the applicable *Federal Register* notice(s).

Note: The grantee's policies and procedures must indicate that the required items will be on its website. The required items in Section III.D.1.e of the Consolidated Notice are:

- the action plan created using DRGR (including all amendments);
- each performance report (as created using the DRGR system);
- citizen participation plan;
- procurement policies and procedures;
- all executed contracts that will be paid with CDBG-DR funds as defined in 2 CFR 200.22 (including subrecipients' contracts); and
- a summary including the description and status of services or goods currently being procured by the grantee or the subrecipient (e.g., phase of the procurement, requirements for proposals, etc.).

Contracts and procurement actions that do not exceed the micro-purchase threshold, as defined in 2 CFR 200.67, are not required to be posted to a grantee's website. [Section III.A.1.a.(5)]

- 2) For items required in Section III.D.1.d of the Consolidated Notice to be available to the public on its website, the grantee will make these documents available in a form accessible to persons with disabilities and those with limited English proficiency. [Section III.A.1.a.(5)]

- 3) The grantee will take reasonable steps to ensure meaningful access to their programs and activities by LEP persons, including members of protected classes, vulnerable populations, and individuals from underserved communities as described in Section III.D.1.d of the Consolidated Notice.

[Section III.A.1.a.(5)]

- 4) The grantee will update its website at least quarterly. [Section III.A.1.a.(5)]

Grantee affirms it meets this requirement: ☒

Please provide a link to the grantee's CDBG-DR Website, if available.

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question
Comprehensive Website	CDBG-DR Policy & Procedures Manual	Pages 8-9	Part E. 1) - 4)

Note: As required by applicable Federal Register notices, the grantee's Implementation Plan must indicate which personnel or unit is responsible for website management, along with contact information.

PART F. Procedures to Detect Fraud, Waste, and Abuse of Funds

The grantee must have adequate procedures to detect fraud, waste, and abuse of funds. For purposes of the Secretary's certification, a grantee has adequate procedures to detect fraud, waste, and abuse of funds if the following statements are true:

1) The grantee has policies and procedures to detect fraud, waste, and abuse. The grantee's procedures are adequate if the procedures indicate: <ul style="list-style-type: none"> a. how the grantee will verify the accuracy of information provided by applicants; b. the criteria to be used to evaluate the capacity of potential subrecipients; and c. the frequency with which the grantee will monitor other agencies that will administer CDBG-DR funds, how it will monitor subrecipients, contractors, and other program participants, and why monitoring is to be conducted and which items are to be monitored. [Section III.A.1.a.(6)(a)-(c)]
2) The grantee has or will hire an internal auditor that provides both programmatic and financial oversight of grantee activities, and has adopted policies that describes the auditor's role in detecting fraud, waste, and abuse (which must be submitted to HUD). [Section III.A.1.a.(6)(d)]
3) The grantee has a written standard of conduct and conflicts of interest policy that complies with the requirements of 24 CFR 570.489(g), 24 CFR 570.489(h), and other sections described in the applicable Federal Register notice, which includes the process for promptly identifying and addressing such conflicts. [Section III.A.1.a.(6)(e)(i)]
4) The grantee assists in investigating and taking action when fraud occurs within the grantee's CDBG-DR activities and/or programs. All grantees receiving CDBG-DR funds for the first time shall attend and require subrecipients to attend fraud-related training provided by HUD OIG, when offered, to assist in the proper management of CDBG-DR funds. [Section III.A.1.a.(6)(f)]
5) The grantee indicates that instances of fraud, waste, and abuse will be referred to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov). [Section III.A.1.a.(6)(f)]
6) The grantee has procedures that indicate how the grantee will make CDBG-DR beneficiaries aware of the risks of contractor fraud and other potentially fraudulent activity that can occur in communities recovering from a disaster. Grantees must provide CDBG-DR beneficiaries with information that raises awareness of possible fraudulent activity, how the fraud can be avoided, and what local or state agencies to contact to take action and protect the grantee and beneficiary investment. [Section III.A.1.a.(6)(f)]
7) The grantee's procedures address the steps it will take to assist a CDBG-DR beneficiary if the beneficiary experiences contractor or other fraud. If the beneficiary is eligible for additional assistance as a result of the fraudulent activity and the creation of remaining unmet need, the procedures also address what steps the grantee will follow to provide the additional assistance. [Section III.A.1.a.(6)(f)]
Grantee affirms it meets this requirement: <input checked="" type="checkbox"/>

Reference File Name/Identifier	Title of Document	Page Number (s)	Related Certification Question
Procedures to Detect Fraud, Waste & Abuse	CDBG-DR Policy & Procedures Manual	Page 9-13	Part F. 1) - 7)

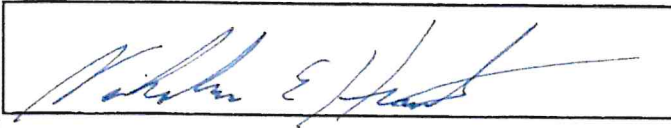
Financial Management and Grant Compliance Certification Requirements for Local Governments

CERTIFICATIONS

As required by the Consolidated Notice and the Allocation Announcement Notice, the grantee must make the certification below by signing where indicated.

Compliance Certification

The grantee certifies that: it has reviewed the requirements of Public Law(s) 117-180, which appropriates CDBG-DR funds, and the Consolidated Notice and Allocation Announcement Notice that establish the rules, waivers, and alternative requires and allocate CDBG-DR funds; that its responses to this checklist and submitted supporting documentation are accurate; that it will adhere to the controls, standards, processes, corrective actions, and procedures it described in this checklist and supporting documentation; and that it has in place proficient financial controls and procurement processes and that it has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, to ensure timely expenditure of funds, to maintain comprehensive websites regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds.



Signature of Certifying Official

Nicholas E. Hunter

(Printed Name of Certifying Official)

4-27-2023

(Date)

CITY OF LAKE CHARLES, LOUISIANA

**UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2021

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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05005.000 Audit 9/30/2021 1100.005 single audit report

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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 *Governmental 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, 2021, 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 28, 2022.

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 28, 2022

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05005.000 Audit 9/30/2021 1100.005 single audit report

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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, 2021. 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Lake Charles, Louisiana's compliance.

Opinion on Each 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 major federal programs for the year ended September 30, 2021.

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.

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.

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, material weaknesses may exist that have not been identified.

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, 2021, 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 28, 2022, 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.

Mr. Tracy Quirk - Branch
Lake Charles, Louisiana
March 28, 2022

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2021

<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 (Covid-19)	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
Public Assistance Grant	97.036
Total U.S. Department of Homeland Security	
U.S. DEPARTMENT OF TREASURY:	
Direct program:	
Coronavirus State and Local Fiscal Recovery Funds	21.027

Grant Number	Grant Period		Grant Receipts	Current Expenditures
	From	To		
B-14MC-22-0004	10/1/20	9/30/21	\$ 6,939	\$ 6,939
B-16MC-22-0004	10/1/20	9/30/21	1,453	1,453
B-18MC-22-0004	10/1/20	9/30/21	36,747	36,747
B-19MC-22-0004	10/1/20	9/30/21	111,668	111,668
B-20MC-22-0004	10/1/20	9/30/21	145,517	145,517
			<u>302,324</u>	<u>302,324</u>
B-18-MC-22-0208	10/1/20	9/30/21	618	618
B-19-MC-22-0208	10/1/20	9/30/21	54,572	54,572
B-20-MC-22-0208	10/1/20	9/30/21	23,867	23,867
			<u>79,057</u>	<u>79,057</u>
			<u>381,381</u>	<u>381,381</u>
I-10 Beach	10/1/20	9/30/21	<u>2,250</u>	<u>2,250</u>
FEMA-4345-DR-LA	10/1/20	9/30/21	8,501	-
FEMA-4559-DR-LA	10/1/20	9/30/21	<u>72,292,567</u>	<u>72,292,567</u>
			<u>72,301,068</u>	<u>72,292,567</u>
American Rescue Plan Act Of 2021	10/1/20	9/30/21	<u>8,459,493</u>	<u>-</u>

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2021
(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	
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
US Marshal Service	16.922
Bulletproof Vest Partnership Program	16.607
Total U.S. Department of Justice	
U.S. DEPARTMENT OF INTERIOR:	
National Park Service Historic Preservation Fund	15.904
EXECUTIVE OFFICE OF THE PRESIDENT:	
HIDTA	95.001
TOTAL FEDERAL AWARDS	

Grant Number	Grant Period		Grant Receipts	Current Expenditures
	From	To		
LA-2016-014	10/1/20	9/30/21	15,216	15,216
LA-2017-023	10/1/20	9/30/21	190,482	190,482
LA-2019-020	10/1/20	9/30/21	208,388	208,333
LA-2020-009 CARES	10/1/20	9/30/21	2,857,402	2,857,402
LA-2021-026 CARES	10/1/20	9/30/21	144,996	144,996
			<u>3,416,429</u>	<u>3,416,429</u>
2020-30-35	10/1/20	9/30/21	45,469	45,469
			<u>3,461,898</u>	<u>3,461,898</u>
2014UMWX0011	10/1/20	9/30/21	33,860	33,860
2019-DJ-BX-0163	10/1/20	9/30/21	27,952	27,952
JLEOTFS425302	10/1/20	9/30/21	6,133	6,133
2020 BPV	10/1/20	9/30/21	22,041	22,041
			<u>89,986</u>	<u>89,986</u>
P20AF00023	10/1/20	9/30/21	10,000	10,000
G20GC001A	10/1/20	9/30/21	<u>94,744</u>	<u>94,744</u>
			<u>\$84,800,820</u>	<u>\$ 76,332,826</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2021

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, 2021 were determined based on program activity. The City's major programs for the year ended September 30, 2021 consisted of 2 federally assisted high risk "Type A" programs.

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, 2021, the principal balance is \$13,462,000.

Note F. Subrecipient Payments

1. CDBG - Subrecipient payments in the amount of \$198 to Family and Youth Counseling.
2. CDBG - Subrecipient payments in the amount of \$20,944 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 \$1,234 to Educational and Treatment Council.
5. CDBG - Subrecipient payments in the amount of \$11,867 to SWLA Area Health Education Center.

Note G. 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, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:
Material weakness identified? ☐ Yes ☒ No
Significant deficiency identified not
Considered to be material weakness? ☐ 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 the Uniform
Guidance? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Administration
97.036	Public Assistance Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 2,292,867

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2021

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

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

No findings to report.

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, 2021

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.

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

Current status: This condition has been resolved and there are no similar findings in the current audit period.

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.

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.

Current status: The condition has been resolved and there are no similar findings in the current audit period.

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, 2021

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.

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

Current status: The condition has been resolved and there are no similar
findings in the current audit period.