



CITY OF MANTECA

FINANCE DEPARTMENT

SINGLE AUDIT FOR THE YEAR ENDED JUNE 30, 2021

CORRECTIVE ACTION PLANS

FINANCIAL STATEMENT FINDINGS - CURRENT YEAR

2021-001 Timely and Accurate Year-End Close

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** Staff continues to evaluate processes and procedures to ensure a timelier and more accurate close. Staff turnover has made this difficult; however, additional positions were added to the department which should help alleviate some of these issues. In addition, Finance implemented a close management software which will be in effect during FY 23. This software has helped Finance during the review and reconciliations of each balance sheet account. A comprehensive year-end close process will take some time to refine as processes and procedures are updated and documented in the close management software and as revenue and expenditure accounts are added. Staff is exploring the use of a formalized year-end close check-list for FY 24 year-end.
- **Anticipated Completion Date:** 10/31/2024

2021-002 Accurately Adopting and Amending the Annual Budget

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Lana McBroom, Acting Budget Manager
- **Corrective Action Plan:** During FY 21, all finance management and department heads had turnover. In addition, multiple consultants, department reorganizations, and turnover created an unstable environment where the understanding of what was done for budget and what was needed was not always transferred to the next person. For FY 22, the budget was prepared before June 30, but was subsequently corrected three times, as well as a mid-year budget update after the new Finance Director was hired. For the FY 23 budget with new management in place, the budget was more stable and complete; however, lacked some basic components such as a comprehensive cost allocation plan. In addition, there was management changes and other turnover leading to the preparation of the FY 24 budget. This was adopted prior to June 30; however, it was noted that there were things missing due to the lack of staff. Since October 1st, 2023, the Finance Department has been nearly fully staffed. Also, a critically needed role of Budget Manager, to lead the development and adoption of a more comprehensive annual budget, was filled on an acting basis as of January 8th, 2024.
- **Anticipated Completion Date:** 6/30/24

2021-003 Prior Year Material Weaknesses Not Implemented

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** The Findings below are unresolved findings from the prior year that are also considered current year findings. The corrective action plans for these findings are listed in the separately issued Summary Schedule of Prior Audit Findings.
 - 2020-001 Timely and Accurate Year End Close
 - 2020-002 Timely Preparation and Approval of Bank Reconciliations
 - 2020-005 Accurate Preparation of the Schedule of Expenditures of Federal Awards
- **Anticipated Completion Date:** 10/31/2024

2021-004 Purchasing Policy Compliance

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** With limited staff and the turnover in the department, the documentation has been difficult to obtain. As of July 1, 2023 with the exception of the Finance Director, all positions in Finance were filled which should alleviate some of the issues. In addition, there has been a renewed emphasis on the policy at all levels of the City. Finally, during FY 24 it is anticipated that the purchasing policy will also be thoroughly reviewed and updated as necessary to better meet the changing needs of the City while providing strong internal control with less administrative burden.
- **Anticipated Completion Date:** Amended policy went to Council in September 2023; We are working on this through this fiscal year and expect to have this fully resolved by 10/31/2024.

2021-005 Using Capital Projects Identifiers for All Projects

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Lana McBroom, Senior Budget Analyst
- **Corrective Action Plan:** The City plans to do a review of the CIP policy and update in FY 25 to include internally constructed items as well as the timekeeping methodology to adequately charge employee costs to a project.
- **Anticipated Completion Date:** 07/01/24

FEDERAL AWARD FINDINGS - CURRENT YEAR

Finding Reference Number #SA2021-002: Support for Payroll Costs Charged to Grant

CFDA number: 20.507
CFDA Title: Federal Transit – Formula Grants (Urbanized Area Formula Program)
Name of Federal Agency: Department of Transportation - Federal Transportation Administration
Federal Award Identification Number: CA-2021-009-01, CA-2020-005-01, CA-2020-005-02

- **Fiscal Year of Initial Finding:** 2019
- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** The City is conducting a cost allocation study which includes a federal cost allocation plan. We anticipate incorporating the new allocations into the FY 2024-25 Annual Budget.
- **Anticipated Completion Date:** 07/01/2024

Finding Reference Number #SA2021-003: Pro-Rating Annual Payroll Costs Charged to Grant

Assistance Listing Number: 21.019
Assistance Listing Title: COVID-19 - Coronavirus Relief Fund
Name of Federal Agency: Department of Treasury
Pass Through Entity: California Department of Finance
Federal Award Identification Number: 390

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** Now that payroll services and the budget unit are both fully staffed, the City will be able to develop procedures that will ensure personnel budgets and costs are accurately pro-rated to the appropriate funding source. Additionally, the City expects to have sufficient staffing to work more closely with grantors make certain the all eligible costs are accounted for.
- **Anticipated Completion Date:** 06/30/24

Finding #SA2021-004: Allowable Subrecipient and Contract Costs

Assistance Listing Number: 14.218
Assistance Listing Title: COVID-19 - Community Development Block Grants/Entitlement Grants
Name of Federal Agency: Department of Housing and Urban Development
Pass Through Entity: San Joaquin County Community Development Department
Federal Award Identification Number: A-93-916

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** The City will develop procedures for grant management, accounting and reporting to ensure that only allowable subrecipient costs are claimed and are supported by contract.
- **Anticipated Completion Date:** 06/30/24

Finding #SA2021-005: Cash Management

Assistance Listing Number: 14.218
Assistance Listing Title: COVID-19 - Community Development Block Grants/Entitlement Grants
Name of Federal Agency: Department of Housing and Urban Development
Pass Through Entity: San Joaquin County Community Development Department
Federal Award Identification Number: A-93-916

- **Name(s) of the contact person:** Shay Narayan, Director of Finance; Carmen Gusman, Deputy Director of Finance
- **Corrective Action Plan:** The City will develop procedures to ensure all grant-funded expenditures are included on drawdown request and prepared quarterly.
- **Anticipated Completion Date:** 06/30/2024