

CITY OF IRVINE, CALIFORNIA
SINGLE AUDIT OF FEDERALLY ASSISTED
GRANT PROGRAMS

JUNE 30, 2022



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CITY OF IRVINE
JUNE 30, 2022
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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 and
Members of the City Council
of the City of Irvine
Irvine, California

We have audited, in accordance with the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 16, 2022. Our report includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, as described in our report on the City's financial statements. The financial statements of the Irvine Community Land Trust were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances or reportable noncompliance associated with the Irvine Community Land Trust.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 or significant deficiencies may exist that were not identified.

Honorable Mayor and
Members of the City Council
of the City of Irvine

Report on 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 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.



CliftonLarsonAllen LLP

Irvine, California
November 16, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
of the City of Irvine
Irvine, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Irvine's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance requirements referred to above.

Honorable Mayor and
Members of the City Council
of the City of Irvine

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of finding and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Honorable Mayor and
Members of the City Council
of the City of Irvine

Government Auditing Standards requires the auditor to perform limited procedures on City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other 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.

Honorable Mayor and
Members of the City Council
of the City of Irvine

Report on Schedule of Expenditures of Federal and Selected State Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We have issued our report thereon, dated November 16, 2022 which contained unmodified opinions on those financial statements, which includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City. Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal and selected state 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 basic 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.



CliftonLarsonAllen LLP

Irvine, California
November 16, 2022

**SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS
AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CITY OF IRVINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

For the Year Ended June 30, 2022

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<u>United States Department of Housing and Urban Development</u>				
Direct Assistance:				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	\$ 1,484,861	\$ 264,385
COVID-19 - Community Development Block Grants	14.218	N/A	591,284	-
Subtotal Community Development Block Grants/Entitlement Grants Cluster			<u>2,076,145</u>	<u>264,385</u>
Emergency Solutions Grant Program	14.231	N/A	205,544	-
COVID-19 - Emergency Solutions Grant Program	14.231	N/A	1,015,605	-
Subtotal Emergency Solutions Grant Program			<u>1,221,149</u>	<u>-</u>
HOME Investment Partnerships Program	14.239	N/A	102,842	-
Total United States Department of Housing and Urban Development			<u>3,400,136</u>	<u>264,385</u>
<u>United States Department of Justice</u>				
Passed through County of Orange Sheriff:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-DJ-BX-0773	999	-
Direct Assistance:				
Equitable Sharing Program	16.922	N/A	221,984	-
Total United States Department of Justice			<u>222,983</u>	<u>-</u>
<u>United States Department of Transportation</u>				
Passed through Orange County Transportation Authority:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CML-5410(084)	21,120	-
Subtotal Highway Planning and Construction Cluster			<u>21,120</u>	<u>-</u>
Passed through California Office of Traffic Safety:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PT21032	17,768	-
State and Community Highway Safety	20.600	PT21032	55,940	-
Subtotal Highway Safety Cluster			<u>73,708</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT21032	59,136	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT21032	113,858	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>172,994</u>	<u>-</u>
Total United States Department of Transportation			<u>267,822</u>	<u>-</u>
<u>United States Department of Treasury</u>				
Direct Assistance:				
Equitable Sharing Program	21.000	N/A	51,270	-
Direct Assistance:				
COVID-19 - Emergency Rental Assistance Program	21.023	N/A	1,538,641	1,538,641
Passed through State of California:				
COVID-19 - Emergency Rental Assistance Program	21.023	20-ERAP-00023	8,253,445	8,253,445
Subtotal COVID-19 - Emergency Rental Assistance Program			<u>9,792,086</u>	<u>9,792,086</u>
Passed through the County of Orange:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			672,825	-
Direct Assistance:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	56,433,217	-
Subtotal COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			<u>57,106,042</u>	<u>-</u>
Total United States Department of Treasury			<u>66,949,398</u>	<u>9,792,086</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF IRVINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS
(CONTINUED)

For the Year Ended June 30, 2022

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<u>US Department of Health and Human Services</u>				
Passed Through the County of Orange Area Agency on Aging: Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	20-27-0042	\$ 36,035	\$ -
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	20-27-0042	196,068	-
Nutrition Services Incentive Program	93.053	20-27-0042	35,743	-
COVID-19 - Special Programs for the Aging Title III, Part C Nutrition Services	93.045	MA-012-21010349	68,385	-
Total Aging Cluster/US Department of Health and Human Services			<u>336,231</u>	<u>-</u>
<u>United States Department of Homeland Security</u>				
Passed through Orange County Sheriff's Department:				
Emergency Management Performance Grant	97.042	EMF-2019-EP-00003	37,631	-
COVID-19 - Emergency Management Performance Grant	97.042		13,771	-
Passed through the City of Anaheim:				
Urban Areas Security Initiative Program Grant	97.067	2020-0095	1,211	-
Total United States Department of Homeland Security			<u>52,613</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 71,229,183</u>	<u>\$ 10,056,471</u>
<u>Selected State Awards:</u>				
California Department of Aging:				
Passed through the County of Orange Area Agency on Aging				
CSA Senior Services Title III C-1 Nutrition Services - Congregate	N/A	20-27-0042	\$	9,404
CSA Senior Services Title III C-2 Nutrition Services - Homes Delivered Meals	N/A	20-27-0042	\$	65,774

See accompanying notes to schedule of expenditures of federal awards.

CITY OF IRVINE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and Selected State Awards (the Schedule) include the federal and state award activities of the City of Irvine, California (the City), under programs of the federal government and the State of California, as well as federal and state financial assistance passed through other government agencies for the year ended June 30, 2022. The information in the Schedule of Expenditures of Federal Awards (SEFA) is presented in accordance with the 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). Because the Schedules present only a selected portion of the operations of the City, they are not intended to, and do not, present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in the Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements. Pass-through entity identifying numbers are identified where available.

3. INDIRECT COST RATE

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

4. CONTINGENCIES

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

**CITY OF IRVINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)

21.023
21.027

Name of Federal Program or Cluster

Emergency Rental Assistance Program
Coronavirus State and Local Recovery Funds

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

\$ 2,136,875

Auditee qualified as low-risk auditee?

 x yes _____ no

**CITY OF IRVINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 001

Federal Agency: U.S. Department of Treasury

Federal Program Name: COVID-19 – Emergency Rental Assistance Program

Federal Award Identification Number and Year: 20-0150-0-1-604, fiscal year 2021-2022

Assistance Listings Number: 21.023

Award Period: July 1, 2021 through June 30, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or specific requirement: Reporting: Prime recipients awarded a federal grant greater than or equal to \$30,000 are subject to Federal Funding Accountability and Transparency Act (FFATA) sub-award reporting requirements as outlined in the Office of Management and Budgets guidance issued August 13, 2020. The prime recipient is required to file a FFATA subaward report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000.

Condition: The City is a prime recipient and provided subawards totaling \$1,538,641 to one recipient, with one subrecipient over the \$30,000 reporting threshold. No FFATA report was filed for this recipient.

Questioned costs: None

Context: The City is a prime recipient and provided subawards totaling \$1,538,641 to one recipient, which is over the \$30,000 reporting threshold. No FFATA report was filed for this recipient.

Cause: The City was not aware that the FFATA reporting requirements applied to this Federal award.

Effect: The City was not in compliance with the FFATA reporting requirements.

Repeat Finding: No.

Recommendation: We recommend the City implement policies and procedures to ensure that FFATA reporting occurs for all subawards of \$30,000 or more for all federal awards.

View of responsible officials: There is no disagreement with the audit finding.

**CITY OF IRVINE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Financial Statement Findings

None noted.

Federal Program Award Findings

None noted.



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