

OMB Circular A-133 Single Audit - Federal Awards

City of Plano, Texas

September 30, 2008



**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

The Honorable Mayor and Members of the City Council
The City of Plano, Texas

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Compliance

We have audited the compliance of The City of Plano, Texas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying restated schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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'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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control described in the accompanying restated schedule of findings and questioned costs as item 2008-1 to be a material weakness.

The City's response to the findings identified in our audit is described in the accompanying restated schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dallas, Texas

January 5, 2009 (except for Note 4, as to which the date is February 10, 2011)



**Report of Independent Certified Public Accountants
On Supplementary Information**

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The Honorable Mayor and Members of the City Council
The City of Plano, Texas

We have audited the basic financial statements of City of Plano, Texas (the City) as of and for the year ended September 30, 2008 and have issued our report thereon dated January 5, 2009, which are presented in the City's Comprehensive Annual Financial Report. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of the City's management. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Grant Thornton LLP".

Dallas, Texas

January 5, 2009 (except for Note 4, as to which the date is February 10, 2011)

City of Plano, Texas

RESTATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2008

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
U.S. Department of Homeland Security:			
Emergency Management Institute Training Assistance	97.026	N/A	\$ 860
Passed through Governor's Division of Emergency Management			
2006 Law Enforcement Terrorism Prevention Program	97.074	06-GA 58016-02	80,000
2006 Urban Areas Security Initiative	97.008	06-SR 58016-01	204,152
Passed through North Central Texas Council of Governments			
2006 Urban Areas Security Initiative	97.008	N/A	9,551
2007 State Homeland Security Program - Urban Search and Rescue	97.073	N/A	24,159
2007 State Homeland Security Program - HazMat Response	97.073	N/A	3,489
Passed through Texas Engineering Extension Services			
Texas Task Force One	97.025	N/A	<u>37,447</u>
Total U.S. Department of Homeland Security			359,658
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	B-08-MC-48-0035	1,330,694
HOME Program	14.239	M-08-MC-48-0234	<u>438,674</u>
Total U.S. Department of Housing and Urban Development			1,769,368
U.S. Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0302	45,775
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0183	32,098
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0167	<u>22,765</u>
Subtotal - Edward Byrne Memorial Justice Grant Program			100,638
Passed through the Office of the Attorney General			
Project Safe Neighborhoods	16.609	806018	35,440
Passed through University of North Texas			
National Integrated Ballistic Information Network	16.609	72304-1	10,446
Passed through Navarro County Sheriff's Office			
HIDTA - North Texas	16.xxx	Various	<u>1,266</u>
Total U.S. Department of Justice			147,790

The accompanying notes are an integral part of this schedule.

City of Plano, Texas

RESTATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

September 30, 2008

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
U.S. Department of Transportation:			
Passed through Texas Department of Transportation:			
Preston - Plano Parkway Intersection	20.205	CSJ: 0091-05-053	\$ 10,862
Spring Creek - Coit Intersection	20.205	CSJ: 0918-24-127	22,479
McDermott - Coit to Ohio	20.205	CSJ: 0918-24-119	10,955
15th Street - G Ave to US 75	20.205	CSJ: 0918-24-144	46,908
Windhaven to Spring Creek	20.205	CSJ: 0918-24-143	109,773
15th Street Reconstruction	20.205	CSJ: 0918-24-102	321,727
Jupiter - Plano Parkway Intersection Improvements	20.205	CSJ: 0918-24-118	6,503
Preston - Legacy	20.205	CSJ: 0091-05-055	<u>57,037</u>
Subtotal Highway Planning and Construction Cluster			586,244
Passed through Texas Department of Transportation-			
STEP – Comprehensive	20.600	588EGF6092	236,793
STEP – Impaired Driving Mobilization	20.601	588EGF6013	10,891
STEP – Click It or Ticket	20.609	588XXF6023	<u>5,419</u>
Subtotal STEP			253,103
Total U.S. Department of Transportation			839,347
U.S. Department of Agriculture			
Passed through the Texas Department of Agriculture			
Parks and Recreation Summer Food Program	10.559	TX-043-1002	<u>40,412</u>
Total U.S. Department of Agriculture			40,412
U.S. Department of Treasury:			
Joint Terrorism Task Force	21.xxx	N/A	1,781
Metro Alien Task Force	21.xxx	N/A	7,425
North Texas Asset Forfeiture Task Force	21.xxx	N/A	<u>12,618</u>
Total U.S. Department of Treasury			<u>21,824</u>
Total federal expenditures			<u>\$3,178,399</u>

The accompanying notes are an integral part of this schedule.

City of Plano, Texas

NOTES TO RESTATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2008

(1) General

The accompanying restated schedule of expenditures of federal awards includes the federal grant activity of the City of Plano, Texas (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The City's reporting entity is defined in note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

(2) Subrecipients

The City provided approximately \$482,000 and \$259,000 to subrecipients from the Community Development Block Grant and HOME program, respectively.

(3) Loans

At September 30, 2008, the amount of loans outstanding related to the Community Development Block Grant and HOME program were approximately \$869,000 and \$56,000, respectively.

(4) Restatement

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs have been restated to include \$586,244 in expenditures of the Highway Planning and Construction Cluster program (CFDA 20.205) and to note the cluster was audited as a major program for the fiscal year ended September 30, 2008 as it met the criteria of a high-risk Type A program.

The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs has been restated to include the HOME program (CFDA 14.239) as a major program. The program was audited as a major program for the fiscal year ended September 30, 2008 as it met the criteria of a high-risk Type A program.

The accompanying notes are an integral part of this schedule.

City of Plano, Texas

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal controls over major program:

- Material weakness identified? Yes
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor’s report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
20.205	Highway Planning and Construction Cluster
14.239	HOME Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

City of Plano, Texas

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended September 30, 2008

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The audit disclosed no findings required to be reported.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding 2008-01

Grant Title and CFDA Number:

Highway Planning and Construction Cluster, 20.205

Award Number:

CSJ: 0091-05-053 2004
CSJ: 0918-24-127 2005
CSJ: 0918-24-119 2004
CSJ: 0918-24-144 2006
CSJ: 0918-24-143 2007
CSJ: 0918-24-102 2004
CSJ: 0918-24-118 2004
CSJ: 0091-05-055 2005

Name of the Federal Agency:

U.S. Department of Transportation

Type:

Material weakness

Criteria:

An award is considered to be expended when the expenditure or the expense transaction associated with the grant occurs. When expenditures are incurred related to a federal award, these expenditures should be included in the Schedule of Expenditures of Federal Awards.

Condition:

Funds were expended for the Highway Planning and Construction Cluster grant during fiscal year 2008, but were not reported on the Schedules of Expenditures of Federal Awards and therefore not subjected to the A-133 Single Audit testing.

City of Plano, Texas

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended September 30, 2008

PART III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
(continued)

Questioned Costs:

None.

Context:

The City failed to report \$586,244 of federal expenditures related to the Highway Planning and Construction Cluster program on the Schedule of Expenditures of Federal Awards.

Cause:

The City did not have the appropriate controls in place to identify all expenditures of federal awards that should have been reported on the Schedule of Expenditures of Federal Awards.

Effect:

The Schedule of Expenditures of Federal Awards was misstated, as these expenditures were not included. Additionally, as a result, the Highway Planning and Construction Cluster was not originally audited as a major program in fiscal year 2008.

Recommendation:

The City should implement controls to ensure completeness of the Schedule of Expenditures of Federal Awards. The City's Accounting Department should review City Council meeting minutes for indications of potential federal and state grants; provide training/information to other departments of the City regarding federal and state grants; and communicate with/inquire of other departments about funding sources of projects/programs and federal and state grant awards.

Views of Responsible Officials and Planned Corrective Action:

The City has taken several measures to ensure that all expenditures of Federal Awards are included on the Schedule of Expenditures of Federal Awards (SEFA). Communications have been made to City management several times to reiterate what constitutes a Federal Award and the importance of communicating this with the Accounting Department. Additionally, the Accounting Department will develop an annual training session to be held with all departments to educate them on the compliance requirements as set forth in the OMB A-133 Compliance Supplement. The Accounting Department is reviewing all City Council meeting minutes to ensure that any grant discussed is included on the SEFA. The Accounting Department will also work with the Budget Department to determine the funding sources of projects. Lastly, the Accounting Department will carefully scrutinize any cash receipts that appear to be from a Federal or State agency to determine if it relates to a grant expenditure.