



Administrative Report

H.5., File # 26-0045

Meeting Date: 1/20/2026

To: MAYOR AND CITY COUNCIL
From: STEPHANIE MEYER, FINANCE DIRECTOR

TITLE

RECEIVE AND FILE THE ANNUAL SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXECUTIVE SUMMARY

The City's independent auditors, CliftonLarsonAllen, LLP, have completed their annual review of the City's federal programs to complete the Single Audit Report for the fiscal year ended June 30, 2024. The Single Audit Report trails the Annual Comprehensive Financial Report (ACFR), which staff presented to the Audit Subcommittee and City Council on September 16, 2025 in draft, and shared in final form to the City Council on December 18, 2025. Staff has now submitted the ACFR and Single Audit report to the Federal Clearinghouse and state agencies, as required.

BACKGROUND

The Single Audit Report is required for all federal and state funded programs. These programs are audited in conformity with the provisions of the Single Audit Act of 1984 and the OMB Circular A-133, Audits of States and Local Governments.

Results Overview

The City's auditors issued a qualified opinion for the City's Section 8 Housing Choice Vouchers Program. The audit also identified five findings in the course of the audit: two classified as material weaknesses in internal controls (a more serious finding) and three as significant deficiencies in internal controls (less severe than a material weakness). All findings were related to the Section 8 Housing program. The auditors identified the two material weakness findings as the basis for the qualified opinion regarding the Section 8 program. The weaknesses pertained to the timing of the financial data schedule (FDS) submission (finding 2024-007) and the review process and lack of supporting documentation for monthly Voucher Management System (VMS) reporting (finding 2024-0010).

The audit shows an unmodified opinion (the best opinion available) with no associated findings for all of the City's other major federal programs.

Findings & City Response

City staff in the Housing Division of the Community Services Department and the Financial Services Department have discussed the findings with the auditors in detail and have initiated actions to respond to each finding and improve the internal processes associated with the identified

weaknesses. The findings, with the City's responses and proposed actions are shown in the Single Audit Report Section III-Findings and Questioned Costs-Major Federal Programs.

Most findings relate to the timing of the required report submissions and to a lack of sufficient supporting documentation of compliance with the required procedures. Both relate directly to significant staffing turnover over the past few years' the Housing Division and Financial Services Department. The staff turnover has impacted the City's ability to meet reporting deadlines and has complicated the City's efforts to identify and share supporting information. Staff is pleased to report that the critical positions in the Housing and Financial Services areas needed to address the documentation concerns are now filled. Additionally, staff would like to note that some of the findings relate to historical practices that the City's former auditors reviewed and did not highlight as a concern during prior audits.

While these circumstances explain the findings, staff agrees with the auditor's recommendations and has either initiated, or already implemented, changes to address the issues identified in the course of the audit, as described in the City's management response and corrective action plan. While some may appear again in the FY 2024-25 Single Audit - as the delay in the prior year's audit meant that staff has not had the opportunity to correct those actions - staff anticipates that current actions will avoid repeat findings in FY 2025-26 and beyond. Changes to procedure, including improved documentation of procedures, will also mean the City is in a better position to avoid similar challenges should future staffing changes occur.

As no findings are repeat findings, staff anticipates that the modified opinion and findings will not negatively impact the City's Section 8 or other federal funding. Staff is confident that actions taken in response to findings will ensure the City remains in good standing with the Department of Housing and Urban Development (HUD) and the Office of Management and Budget.

COORDINATION

The single audit report has been coordinated with the City's independent auditors, the Community Services Department, and all other City Departments with federal grant programs.

FISCAL IMPACT

The cost for the single audit is included in the Financial Services Department's portion of the FY 2023-24 Adopted Budget. The ongoing review and administration of the audited federal programs is part of the Community Services Department's annual work program.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Report - City of Redondo Beach Single Audit Report-Fiscal Year ending June 30, 2024