

CITY OF RICHMOND

Review Report

STATE AND FEDERAL EXPENDITURES

July 1, 2012, through June 30, 2014



BETTY T. YEE
California State Controller

July 2016



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California State Controller

July 29, 2016

The Honorable Tom Butt
Mayor of the City of Richmond
440 Civic Center Plaza
Richmond, CA 94804

Dear Mayor Butt:

The State Controller's Office (SCO) performed a review of the state and federal funds expended by the City of Richmond for the period of July 1, 2012, through June 30, 2014.

We found that the city accounted for and expended its state and federal funds in accordance with Government Code section 12410. We are issuing a separate audit report pertaining to the Gas Tax Fund.

If you have any questions, please contact Christopher Lek, Interim Chief, Local Government Audits Bureau, by telephone at (916) 284-0120 or by email at clek@sco.ca.gov.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

Attachment

cc: Bill Lindsay, City Manager
City of Richmond
Belinda Warner, Finance Director
City of Richmond
Christopher Lek, Interim Chief, Local Government Audits Bureau
Division of Audits, State Controller's Office

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Review Report

Introduction

The State Controller's Office (SCO) performed a review of the City of Richmond's state and federal funding and selected transactions relating to various grants for the period of July 1, 2012, through June 30, 2014.

The SCO performed this review pursuant to Government Code section 12410, which requires the Controller to "...superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment."

This report presents the results of the SCO review of the city's expenditures of state and federal funds. We are issuing a separate audit report pertaining to the Gas Tax Fund.

Background

The City of Richmond is located in Contra Costa County, California. The city covers a total area of 56.1 square miles and is 16 miles northeast of San Francisco. The city has a population of 108,565 according to the 2014 U.S. Census. The city was incorporated in August 7, 1905. The city conducts its operations as a general law city, and is governed by the Richmond City Council.

Objectives, Scope, and Methodology

The objective of this review was to determine whether the city accounted for and expended its state and federal funds in accordance to Government Code section 12410.

To meet the review objective, we performed the following:

- Interviewed city employees and reviewed policies and procedures to gain an understanding of the city's internal controls and accounting system related to this review;
- Reviewed the city's accounting system to verify whether it has sufficient controls to accurately accumulate and segregate costs;
- Reviewed the city's accounting records and supporting documentation to determine if the costs claimed are reasonable, allowable, have proper approvals, and are supported;
- Determined if payments by the city are legal and proper;
- Reviewed bidding process/procedures to verify compliance with state, federal, and or city procedures; and
- Performed tests of transactions on a risk-based approach to ensure adherence with prescribed policies and procedures.

We did not audit the city's financial statements. We limited our review scope to planning and performing review procedures necessary to obtain reasonable assurance that the city accounted for and expended its state and federal funds in accordance to Government Code section 12410. Accordingly, we examined transactions, on a test basis, to determine whether the city expended funds in accordance with prescribed policies and procedures. We considered the city's internal controls only to the extent necessary to plan the review.

The SCO's review is not intended to and does not constitute an audit performed in accordance with OMB Circular A-133 and applicable grantor's requirements for federal and state funds. Therefore, this review was not sufficient in detail to express an opinion on the city's compliance with applicable funding provisions for the grants described in Schedule 1 of this report. Accordingly, the SCO does not express such an opinion.

Conclusion

Our review found that the City of Richmond accounted for and expended its state and federal funds described in Schedule 1 of this report in accordance with Government Code section 12410 for the period of July 1, 2012, through June 30, 2014. We are issuing a separate audit report pertaining to the Gas Tax Fund.

Views of Responsible Officials

We discussed the review results with city representatives during an exit conference on May 26, 2016. Belinda Warner, Finance Director, agreed with the audit results. Ms. Warner further agreed that a draft review report was not necessary and that the review report could be issued as final.

Restricted Use

This report is solely for the information and use of the City of Richmond and the SCO; it is not intended to be and should not be used by anyone other than these parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

July 29, 2016

**Schedule 1—
Summary of State and Federal Expenditures
July 1, 2013, through June 30, 2014**

STATE AWARDS ¹	Reported Expenditures ³	Amount Questioned
Department of Alcoholic Beverage Control	\$ 72,637	\$ —
Department of Conservation	15,740	
Department of Forestry & Fire Protection	51,017	
Department of Parks & Recreation	1,598,518	
Department of Transportation	320,382	
Employment Development Department	11,272	
Governor's Office of Emergency Services	1,333,186	
Pollution Control Financing Authority	2,052,653	
State Library	59,126	
Strategic Growth Council	28,910	
Transportation Commission	13,044,525	
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Total Expenditures of State Awards	18,587,966	—
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FEDERAL AWARDS ²		
Department of Commerce	778,830	
Department of Defense	821,286	
Department of Health and Human Services	141,171	
Department of Homeland Security	1,518,714	
Department of Housing and Urban Development	2,537,477	
Department of Justice	619,568	
Department of Labor, Employment Training Administration	2,019,736	
Department of Transportation	1,210,396	
Environmental Protection Agency	107,119	
Institute of Museum and Library	28,938	
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Total Expenditures of Federal Awards	9,783,235	—
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Total Expenditures of State and Federal Awards	\$ 28,371,201	\$ —
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¹ Amounts compiled from grant files provided by the city.

² Amounts reported in the city's FY 2013-14 Single Audit Report.

³ The review period was July 1, 2012, through June 30, 2014; however, this schedule includes only the period of July 1, 2013, through June 30, 2014.

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