

City of Modesto - Audit Finding Validation Report

1/14/2025

	(A)	(B)	(C)	(D)
Reports	Total Recommendations	Open Recommendations (Not Yet Completed by City)	Validated Recommendations (By Moss Adams)	Reportable Recommendations (Newly validated since last summary)
Single Audit Report - 2017 (17-SAR)	4	0	4	4
Single Audit Report - 2018 (18-SAR)	3	0	3	3
Single Audit Report - 2019 (19-SAR)	1	0	1	1
Single Audit Report - 2020 (20-SAR)	1	0	1	1
Single Audit Report - 2021 (21-SAR)	1	0	1	1
2018-2019 Stanislaus County Civil Grand Jury (18_19-SCCGJ)	8	0	8	8
2022-2023 Stanislaus County Civil Grand Jury Final Report (22_23-SCCGJ)	5	0	5	5
2021-2022 Stanislaus County Civil Grand Jury Final Report (21_22-SCCGJ)	7	0	7	7
2024- FORESTRY AND SOLID WASTE EFFICIENCY STUDY UPDATE (24-FASWES)	20	14	6	6
2024- PROCUREMENT PERFORMANCE AUDIT (24-PPA)	11	11	0	0
2016- Solid Waste Efficiency Study (16-SWES)	12	4	8	8
2016-WATER AND WASTEWATER EFFICIENCY STUDY UPDATE (16-WWE)	14	4	10	10
2017- BILLING AND ACCOUNTS RECEIVABLE REVIEW (17-BAR)	4	4	0	0
2017- FLEET SERVICES EFFICIENCY STUDY (17-FSE)	27	5	22	22
2017- INTERNAL CONTROLS TESTING: PROCUREMENTCARDS (17-ICTPC)	19	2	17	17
2017-INTERNAL CONTROLS TESTING: TRAVEL EXPENSES (17-ICTTE)	17	0	17	17
2017- INTERNAL SERVICE FUND REVIEW (17-ISF)	18	12	6	6
2018- Fleet Utilization Study (18-FUS)	13	8	5	5
2018- PERMITTING EFFICIENCY STUDY (18-PES)	10	3	7	7
2016 INTERNAL CONTROLS TESTING: CASH HANDLING (16-ICTCH)	42	2	40	40
	0	0	0	0
	0	0	0	0
Total	237	69	168	168

Legend:
 Total Recommendations = number of recommendations in the report
 Open Recommendations = number of recommendations not yet completed by City
 Validated Recommendations = number of recommendations validated by Moss Adams as completed and adequately addresses the finding
 Reportable Recommendations = number of recommendations validated since last summary report for Audit Committee

ID	Finding Number from Report	Report Year	Report Code	Finding	Recommendation	Moss Adams Determination Notes
186	N/A	2016	16-ICTCH	Although the Cashiering Division's policies and procedures include information about processing credit card payments, no City-wide guidance has been provided to all cash handling locations.	Update and distribute City-wide cash handling policies and procedures regarding credit card payments. To adhere to best practices, the City should include the following guidance: <ul style="list-style-type: none"> - Prohibit all cash-back transactions. - Require the verification of photo identification prior to accepting credit card payments. - Refund practices for credit card payments to deter 	Cash handling policy 7.3 includes information on processing credit card payments.
188	N/A	2016	16-ICTCH	Although all of the locations we visited had some practices in place for inspecting for counterfeit currency, the locations varied in their practices.	Distribute City-wide cash handling policies and procedures including the denominations of bills requiring inspection and the method inspection.	Citywide cash handling policies and procedures include guidance on bill inspection.
183A	N/A	2016	16-ICTCH	Some locations lacked adequate physical security and lacked restricted access to cash assets	Within City-wide cash handling policies and procedures, outline requirements of physical security for all locations that collect cash and document minimum requirements and best practices. Include the following: <ul style="list-style-type: none"> - Limit the number of personnel with safe combinations. - Change the safe combinations that have not been changed recently and maintain a schedule to ensure that the combination is changed at least annually and after all personnel changes. - Require safes to be locked when not in use and utilize the drop safe feature whenever it exists. - Define acceptable locations for storage of undeposited cash during the business day and overnight. 	Cash handling policy covers cash receipting, check cashing, credit cards, deposits, foreign and mutilated currency, cash controls, overages and shortages and other best practices. CH onsite evaluations cover securing cash at all times.
183B	N/A	2016	16-ICTCH	Some locations lacked adequate physical security and lacked restricted access to cash assets	Provide comprehensive training to all employees with cash handling responsibilities.	Cashiering provides training on cash handling policies, as is required in policies and procedures.

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184A	N/A	2016	16-ICTCH	Not all locations provided adequate physical security for staff members.	The City should assess the adequacy of physical barriers between employees and customers at all cash handling locations. At all locations where there are weaknesses in physical barriers, install security improvements and redesign cash handling locations through planned remodels or when implementing office relocations.	Processes are in place for routine inspections of physical barriers at cash handling locations. Improvements are made on an ongoing basis.
184B	N/A	2016	16-ICTCH	Not all locations provided adequate physical security for staff members.	Within City-wide policies and procedures, outline elements of physical security and access restrictions for all locations that collect cash and document minimum restrictions and best practices. Include the following: - Establish a minimum counter height to provide protection to employees handling cash. - Restrict access to cash handling areas through appropriate means such as keyed access, locks, or proximity cards. - Install and test panic buttons. - Define recommended practices including: 1. Protective glass at counters 2. Security cameras for cash handling areas 3. Security cameras over safes or vaults, depending on value of assets stored	Citywide cash handling inspections include an evaluation and recommendation related to physical security.
185A	N/A	2016	16-ICTCH	Not all cash counts performed were accurate in total and/or currency type	Train staff on the importance of recording and verifying the accuracy of all remittance information including total by currency type as well as the grand total.	Cash handling training regularly completed with annual refresher requirements.
185C	N/A	2016	16-ICTCH	Not all cash counts performed were accurate in total and/or currency type	Expand the Finance Department's existing cash count program to include all locations that handle cash.	Cash handling training regularly completed with annual refresher requirements. Finance conducts site visits for areas that collect cash.
187A	N/A	2016	16-ICTCH	Not all check payments were consistently endorsed immediately upon acceptance.	Update and distribute City-wide cash handling policies and procedures that include requirements for accepting checks, such as immediate endorsement and maintaining checks in a secure location	Cash handling policy 7.3 includes information on processing check payments.

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187B	N/A	2016	16-ICTCH	Not all check payments were consistently endorsed immediately upon acceptance.	Consider including inspection of accepted checks as part of the supervisor's sign-off and periodic spot checks to strengthen controls	Per Cash Handling Policy 7.3, checks are required to be endorsed immediately, and deposited with Cashiering within 48 hours and Cashiering verifies that all checks are endorsed.
189A	N/A	2016	16-ICTCH	Not all deposits are prepared and handled in accordance with best practices.	Include deposit preparation requirements, such as the minimum frequency of deposit transport and appropriate methods for storage and transport, in the update of City-wide cash handling policies and procedures.	Cash handling policies and procedures address deposit processes.
189B	N/A	2016	16-ICTCH	Not all deposits are prepared and handled in accordance with best practices.	Compile a list of the current deposit schedule City-wide for all remote cash handling locations and monitor compliance. Instances of non-compliance should be communicated to departmental management and promptly addressed.	Reviewed list of remote cash handling locations and verified that on-site evaluations occur.
189C	N/A	2016	16-ICTCH	Not all deposits are prepared and handled in accordance with best practices.	Provide departments with cash handling training and updated cash handling policies and procedures to remind staff of the importance of segregated duties.	Cash handling training regularly completed with annual refresher requirements. Finance conducts site visits for areas that collect cash.
190B	N/A	2016	16-ICTCH	Not all transactions reconcile to the associated revenue collection system.	Establish a policy requiring all departments to maintain records of all goods provided, fees charged, and services rendered and develop methods for efficiently and effectively recording this type of information and performing reconciliations within each department.	Revenue Contracts Policy requires departments to provide information to the Finance Department on revenue contracts and accountings.
191A	N/A	2016	16-ICTCH	While the staff we interviewed at all four locations reported familiarity with the process for reporting any overages and shortages, there was not a well-defined or consistent process for monitoring overages and shortages.	Distribute City-wide cash handling policies and procedures including the process for reporting overages and shortages.	Cash handling policies and procedures address monitoring of overages and shortages.
191B	N/A	2016	16-ICTCH	While the staff we interviewed at all four locations reported familiarity with the process for reporting any overages and shortages, there was not a well-defined or consistent process for monitoring overages and shortages.	Update the City-wide cash handling policies and procedures to include ongoing monitoring of all cash overages and shortages by each location, department, and City-wide.	Cash handling policies and procedures address monitoring of cash overages and shortages by location.

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192A	N/A	2016	16-ICTCH	Not all staff performing cash handling duties have received formal cash handling training from the City or their department.	<p>Delegate authority to the Cashiering Division to develop and implement comprehensive, standardized training program to all employees, vendors, volunteers, and any other individuals who handle cash on behalf of the City. Include the following elements in cash handling training:</p> <ul style="list-style-type: none"> - Definition of cash (bills, coins, checks, credit and debit card payments) - Payment acceptance requirements: <ol style="list-style-type: none"> 1. Counterfeit detection 2. Check acceptance 3. Secure debit and credit card payments 4. Performing transactions (receiving payment, recording payment, giving change) - Balancing at start and end of shift - Reconciliation and deposit preparation - Reporting overages and shortages - Physical security and access controls - Segregation of duties and individual accountability - Identifying and reporting potential fraud or misappropriate of assets 	Cashiering provides training on cash handling policies, as is required in policies and procedures.
192B	N/A	2016	16-ICTCH	Not all staff performing cash handling duties have received formal cash handling training from the City or their department.	To provide easier access to cash handling training, the Cashiering Division could develop the cash handling training as an interactive webcast that can be viewed by any employee at any location at any time. This would allow training to be more readily available to employees throughout the year and may allow Cashiering Division to customize different training types such as an initial and a refresher training, training geared towards those employees mainly dealing with cash or those employees mainly dealing with accounting transactions, and training geared towards volunteers or vendors.	Cashiering provides training on cash handling policies, as is required in policies and procedures.

ID	Finding Number from Report	Report Year	Report Code	Finding	Recommendation	Moss Adams Determination Notes
192C	N/A	2016	16-ICTCH	Not all staff performing cash handling duties have received formal cash handling training from the City or their department.	<p>Update the City's cash handling policy and procedures to include the following elements:</p> <ul style="list-style-type: none"> - Definition of cash handling duties to include the process of receipt of cash in payment for goods, services, fees, or taxes; applying these payments to customer or City accounts; balancing cash batches; completing documents related to remittance batches; preparing or reviewing deposits; reconciling customer or City accounts; and maintaining a petty cash or change fund. - Requirement for all individuals who perform cash handling duties on behalf of the City, including full-time, part-time, and temporary employees, as well as any revenue-collecting contractors, to complete cash handling training within 30 days of assuming these responsibilities. - Requirement for all aforementioned individuals who perform cash handling duties on behalf of the City to complete a refresher cash handling training every two years or as directed due to non-compliance with policies or procedures. - Procedures for monitoring cash handling training attendance records to ensure ongoing compliance. 	Updated cash handling policies and procedures enhance accountability and controls over processes.
192D	N/A	2016	16-ICTCH	Not all staff performing cash handling duties have received formal cash handling training from the City or their department.	<p>Work collaboratively to assign and perform the responsibilities related to this training. For example, responsibilities could be assigned as follows:</p> <ul style="list-style-type: none"> - Cashiering Division: <ol style="list-style-type: none"> 1. Provides cash handling training. 2. Periodically monitors training compliance. 3. Tracks training certification including notifying departments of non-compliance and providing reminders for refresher course. - Departmental Management: <ol style="list-style-type: none"> 1. Identifies job titles and individuals who perform cash handling duties. 2. Notifies Human Resources of new hires requiring 	Cash handling training regularly completed with annual refresher requirements.
192E	N/A	2016	16-ICTCH	Not all staff performing cash handling duties have received formal cash handling training from the City or their department.	Consider pursuing electronic options for tracking training to make this a more efficient process.	Cash handling training regularly completed with annual refresher requirements.

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193A	N/A	2016	16-ICTCH	Although the City's Finance Department performs periodic on-site counts of petty cash funds and maintains up-to-date records of the petty cash funds, we identified discrepancies. Of the two locations we observed, we observed discrepancies at one location between the petty cash recorded by the City's Finance Department and the petty cash reported by the staff at the location . Specifically, during our visit, the custodian at one location did not report having any petty cash funds even though City records show two petty cash funds under this individual's care and the presence and balances of these funds were verified during the Finance Department's last petty cash counts.	Departments should notify the Finance Department in a timely manner when any change in a petty cash or change fund custodian occurs. The Finance Department should provide new custodians with documentation about fund balances and all policies and procedures.	Cash handling policy requires notification of changes in Change Fund custodian.
193B	N/A	2016	16-ICTCH	Although the City's Finance Department performs periodic on-site counts of petty cash funds and maintains up-to-date records of the petty cash funds, we identified discrepancies. Of the two locations we observed, we observed discrepancies at one location between the petty cash recorded by the City's Finance Department and the petty cash reported by the staff at the location . Specifically, during our visit, the custodian at one location did not report having any petty cash funds even though City records show two petty cash funds under this individual's care and the presence and balances of these funds were verified during the Finance Department's last petty cash counts.	Current custodians of the petty cash funds should review the documentation of the petty cash funds and clarify understanding of the petty cash policies. Any questions about these funds should be resolved with the Finance Department.	Cash handling policy includes specific policies and procedures for Change Funds.
194A	N/A	2016	16-ICTCH	Strong controls are not exercised over change funds at all locations.	The City should update the change fund policy to provide additional procedures when exchanging currency to replenish change funds. For example, the custodians should prepare a cash exchange form that identifies the change needed and provides an audit trail of this process.	Cash handling policy requires a memo to document and justify and changes to the change fund.
194B	N/A	2016	16-ICTCH	Strong controls are not exercised over change funds at all locations.	Departments should notify the Finance Department in a timely manner when any change in a petty cash or change fund custodian occurs. The Finance Department should provide new custodians with documentation about fund balances and all policies and procedures.	Cash handling policy requires notification of changes in Change Fund custodian.
195A	N/A	2016	16-ICTCH	Controls to ensure adequate individual accountability are not in place at all locations.	Establish minimum standards for individual accountability and include in the update of City-wide cash handling policies and procedures.	Cash handling policy requires employees responsible for cash handling duties to sign an acknowledgement form indicating compliance with the Administrative Directive.

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195B	N/A	2016	16-ICTCH	Controls to ensure adequate individual accountability are not in place at all locations.	For certain locations, ensure that all cashiers have their own logins and communicate the importance of working only under own login. In addition, obtain a backup cash drawer to facilitate prompt switchover between cashiers.	Cash handling policy indicates responsibility of departments in establishing appropriate internal controls over cash handling to promote individual accountability.
195C	N/A	2016	16-ICTCH	Controls to ensure adequate individual accountability are not in place at all locations.	Develop a process for balancing transactions at the end of a shift including a documented sign-off and include this within the City's update of its cash handling procedures.	Balancing is addressed in routine cash handling evaluations of departments
195D	N/A	2016	16-ICTCH	Controls to ensure adequate individual accountability are not in place at all locations.	Implement individual cash drawers wherever possible. Where shared drawers continue to be used, develop a simple form and require that each individual count the cash drawer contents at the end of each shift and have a secondary individual verify and sign.	Cash handling policy indicates responsibility of departments in establishing appropriate internal controls over cash handling to promote individual accountability.
195E	N/A	2016	16-ICTCH	Controls to ensure adequate individual accountability are not in place at all locations.	Establish list of possible mitigating controls to employ when limited personnel are available to properly segregate duties.	Cash handling policy indicates responsibility of departments in establishing appropriate internal controls over cash handling to promote individual accountability.
196A	N/A	2016	16-ICTCH	The City lacks standards regarding departments' responsibilities for monitoring of cash handling and revenue collection.	Update the City's cash handling policies and procedures to establish minimum standards and expectations for monitoring cash handling revenue collection.	Cash handling policy indicates responsibility of departments in establishing appropriate internal controls over cash handling to promote individual accountability.

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196B	N/A	2016	16-ICTCH	The City lacks standards regarding departments' responsibilities for monitoring of cash handling and revenue collection.	Assign roles and responsibilities for monitoring cash handling and revenue collection, particularly at remote locations. Once these expectations are established, they should be documented in department-specific policies and procedures.	Cash handling responsibility is formally designated to individuals within departments.
196C	N/A	2016	16-ICTCH	The City lacks standards regarding departments' responsibilities for monitoring of cash handling and revenue collection.	Specific departments should revise reports, such as day-end reports, to promote accountability and facilitate ongoing monitoring	Reviewed day end reports to confirm ongoing accountability and monitoring.
197A	N/A	2016	16-ICTCH	Not all systems used by the City departments have adequate system controls or appropriately restrict access.	Establish minimum requirements for system access and control and include in the update of City-wide cash handling and revenue policies and procedures. For example, implement best practices in system access and control such as: <ul style="list-style-type: none"> - Restrict system access to required staff. - Limit user access to certain functions including fee adjustment and transaction deletion. - Implement additional controls, such as data entry review, a secondary approval process, and ongoing monitoring around fee schedule updates, fee adjustments, and refunds. 	Reviewed system access and confirmed staff assignments are limited as necessary.
197B	N/A	2016	16-ICTCH	Not all systems used by the City departments have adequate system controls or appropriately restrict access.	Additionally, certain locations should consider implementing the following improvements: <ul style="list-style-type: none"> - In collaboration with specific departments' system administrators and the software vendors, explore the following: <ol style="list-style-type: none"> 1. Limit the access to certain functions, such as refunds and fee changes, to certain roles. 2. Explore different function capabilities in departmental systems to identify discounts provided to customers. 3. Modify reports to enhance accountability, such as including the transaction count by payment type to the day-end report. 4. Until preventative access restrictions can be effectively implemented, establish detective processes to monitor certain activities, such as fee adjustments and voids, on an ongoing basis at each location as well as centrally. 	Reviewed day end reports to confirm ongoing accountability and monitoring.

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198A	N/A	2016	16-ICTCH	There is no City-wide Administrative Directive defining the Finance Department's Cashiering Division as the City's authority on cash handling.	The City should adopt an Administrative Directive that would establish the Cashiering Division as the City's authority on cash handling and empower the Division to establish City-wide guidance regarding cash handling.	Cash Handling Policy 7.3 names the Cashiering Division as the City's authority on cash handling.
198B	N/A	2016	16-ICTCH	There is no City-wide Administrative Directive defining the Finance Department's Cashiering Division as the City's authority on cash handling.	<p>The Cashiering Division should update and distribute its cash handling policies and procedures to provide comprehensive direction for all cash handling activities. The policies and procedures should include the following topics:</p> <ul style="list-style-type: none"> - Definition of cash (bills, coins, checks, credit and debit card payments) - Payment acceptance requirements (counterfeit inspection, checks, debit and credit card payments) - Performing transactions (receiving payment, recording payment, giving change) - Balancing at start and end of shift - Reconciliation and deposit preparation - Reporting overages and shortages - Voids, fee adjustments, and refunds - System controls and access - Physical security and access controls - Best practices in mail payment processing - Best practices in segregation of duties and individual accountability - Minimum requirements for system control and access - Minimum requirements for revenue and cash handling monitoring by management - Identifying and reporting potential fraud or misappropriate of assets 	Cash handling policies and procedures include relevant details and guidance.
198C	N/A	2016	16-ICTCH	There is no City-wide Administrative Directive defining the Finance Department's Cashiering Division as the City's authority on cash handling.	Following the development and distribution of City-wide cash handling policies and procedures, departments or locations with specialized operations or unique practices should develop their own specific policies and procedures. The Cashiering Division should review and approve these policies and procedures to ensure adequate internal controls exist.	Yes we received procedures provided by PD, Golf Courses, and Solid Waste. They have outlined how their departments handle cash and payments and they align with the City's procedure - Admin 7.3

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199A	N/A	2016	16-ICTCH	Control weaknesses exist in some locations' mail payment processing, and the City has not established standardized practices for processing mail payments.	Recommend implementation of best practices for mail payment processing and incorporate these practices in City-wide policies and procedures to include required minimum controls over mail payments such as: - Appropriate segregation of duties - Maintain logs of all mail payments received - Prepare mail payments in separate batches - Return excess payment amounts or collect short payment amounts	Cash handling policies and procedures include relevant details and guidance.
199B	N/A	2016	16-ICTCH	Control weaknesses exist in some locations' mail payment processing, and the City has not established standardized practices for processing mail payments.	Departments that receive large volumes of mail payments should explore other opportunities to increase controls regarding this process as well as improve efficiency such as online systems or software allowing online payments and remote check processing.	The City has introduced several online payment options, reducing mailed payments by 50% in the last five years.
50	1	2016	16-SWES	The Solid Waste Division's organization structure is inefficient.	Separate operations and maintenance from management and compliance functions	Closed following Solid Waste and Forestry Update indicated these functions were separated.
51	2	2016	16-SWES	The span of control of the Forestry Operations Supervisor is unusually high.	Consider creating an additional Forestry Operations Supervisor position	City Council approved Forestry Reorg Plan with two additional supervisors on 11/12/2024. The Org Chart as of 12/23/24 has a oerprations supervisor and an operations crewleader positions llisted as vacant. Every other position in forestry according to the org chard are filled.
54	5	2016	16-SWES	Morale is impacted by limited resources and the perception of favoritism.	Focus on transparent communication and collaboration to build trust.	Employee survey from the 2024 Solid Waste Forestry update indicates communication and morale have improved.
56	7	2016	16-SWES	The Division is underutilizing performance metrics for workloads and operations across its units.	Standardize data collection and utilization of performance metrics within the Division.	Closed based on evidence that all teams across Solid Waste and Forestry are regularly reporting on performance metrics.

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58	9	2016	16-SWES	The City has significant and increasing tree-related risks and potential liability.	Take measures to address the tree maintenance backlog to reduce tree-related risks.	Org chart and KPIs provided - Org chart shows 15 tree trimmer I/II and 11 maintenance workers are on the Tree pruning and preservations team. Not vacant position is listed on either team. KPIs show that in 2024 the City hit their target of 970 trees pruned a month 8 or the 12 motnh and average 1,022 per months over 2024
59	10	2016	16-SWES	The Division has significant equipment replacement needs.	Conduct an asset inventory and condition assessment, and collaborate with Fleet and Purchasing to develop a plan for funding and replacing equipment.	Document provided shows the fleet replacement list for 2025 and 2026. It includes the estimated replacement rate by equipment that is flagged to be replaced by each month for 2025 and 2026.
57A	8A	2016	16-SWES	Current staffing levels are not sufficient to address the City's tree maintenance backlog.	Consider contracting with a private company to address the tree maintenance backlog.	City Budget documents indicate an increase in staffing and contractor spend due to available funding through Measure H.
57B	8B	2016	16-SWES	Current staffing levels are not sufficient to address the City's tree maintenance backlog.	Analyze performance to assess staffing needs once the backlog is addressed.	Org chart and KPIs provided - Org chart shows 15 tree trimmer I/II and 11 maintenance workers are on the Tree pruning and preservations team. Not vacant position is listed on either team. KPIs show that in 2024 the City hit their target of 970 trees pruned a month 8 or the 12 motnh and average 1,022 per months over 2024
71	10A	2016	16-WWE	Communications between Wastewater and UPP, as well as within the Wastewater Division, are disjointed and hamper efficiency and effectiveness.	Encourage collaboration and communication between and within business units.	Will Wong was promoted as Utilities Director in 2018; interviews for a 2024 internal audit indicate enhanced collaboration and communication.
72	10B	2016	16-WWE	Communications between Wastewater and UPP, as well as within the Wastewater Division, are disjointed and hamper efficiency and effectiveness.	Continue to invest in improving collaboration and communication.	Will Wong was promoted as Utilities Director in 2018; interviews for a 2024 internal audit indicate enhanced collaboration and communication.
61	1A	2016	16-WWE	Over the past five years, the work environment in Water and Wastewater has deteriorated due to a lack of leadership.	Hire a Utilities Director with strong leadership skills and the ability to serve as a change agent to improve management practices, culture, and morale.	Will Wong was promoted as Utilities Director in 2018.
62	1B	2016	16-WWE	Over the past five years, the work environment in Water and Wastewater has deteriorated due to a lack of leadership.	Continue to invest in improving collaboration and communication.	Will Wong was promoted as Utilities Director in 2018; interviews for a 2024 internal audit indicate enhanced collaboration and communication.
63	3A	2016	16-WWE	Supervisors in the Water Division have an average of 20 direct reports.	Consider additional supervisory positions in Water to reduce the span of control.	Reviewing the water department org chart dated 11.05.24, no supervisors have more than 15 reports.
64	3B	2016	16-WWE	Supervisors in the Water Division have an average of 20 direct reports.	Monitor supervisor workload and consider additional supervisory positions as needed.	Reviewing the water department org chart dated 11.05.24, no supervisors have more than 15 reports.

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65	5A	2016	16-WWE	The SCADA function is understaffed and disconnected from the Wastewater Division by reporting to the Information Technology (IT) Department.	Adequately staff the SCADA function and locate the function within the Utilities Department.	The City has added three Process control technicians positions to the maintenance team in the Utilities Wastewater Services division. The job description was also created and is appropriate for SCADA professionals.
67	6A	2016	16-WWE	The laboratory does not perform to expectation due to equipment and personnel issues.	Surplus inoperative equipment in the laboratory. Establish and monitor performance targets for the laboratory.	Inoperative equipment surplus in 2017.
69	8A	2016	16-WWE	Since 2008, training within Water and Wastewater has been minimal.	Designate a training coordinator for the Utilities Department, with a focus on comprehensive safety training.	A Sr. AOA was a filled position on the org chart dated 11.05.24. This position act as the Water and Wastewater Division's Training coordinator as other duties as assigned
70	8B	2016	16-WWE	Since 2008, training within Water and Wastewater has been minimal.	Establish training benchmarks for each Division that are reported quarterly to the Utilities Director, and consider adding a training coordinator role in the Water Division.	The training matrix and safety training matrix provides the trainings, frequencies of trainings offered, training schedules and who/what teams are required to take the trainings. A Sr. AOA was a filled position on the org chart dated 11.05.24. This position act as the Water and Wastewater Division's Training coordinator as other duties as assigned
79	1	2017	17-FSE	The Vehicle Maintenance Building is outdated and inadequately designed to accommodate the City's fleet.	Proceed with original plans to build a new Vehicle Maintenance Facility. If the city does not move forward with building a new facility, then remodel the Vehicle Maintenance Building to support better workflow, centralize and secure the parts support function, and restrict customer access to work areas.	Fleet Facility was replaced since the audit report was issued.
80	2	2017	17-FSE	The City Corporation Yard fuel facility is underutilized and does not serve its intended purpose.	Eliminate the fueling facility at the City Corporation Yard.	Citywide Fuel Card-lock Services and Bulk Fuel Purchase and Delivery Service contracts are in place.
81	3	2017	17-FSE	According to industry standards, mechanics complete too much unscheduled repair work and not enough scheduled preventive maintenance.	Review unscheduled repairs on a regular basis to identify trends in system failures and proactively design preventive maintenance programs accordingly.	The city has provided screenshots of their portal that shows they have 5 preventative maintenance Service types; A, B, O, I, and T.
82	4	2017	17-FSE	Fleet Services does not adequately plan for preventative maintenance services and there is currently a backlog.	Schedule the preventive maintenance workload for the entire year to support optimally efficient Fleet Services operations and improve customer relations.	Preventative Maintenance(PM) class list was provided. Shows equipment along with when each item is due for PM

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83	5	2017	17-FSE	The preventive maintenance checklists are missing information on vehicle condition and actions taken. Checklist information is logged after inspections are completed.	Redesign preventive maintenance checklists to include all appropriate records and ensure mechanics complete checklists in real time.	Preventative Maintenance document provided shows necessary checklist, date of report, work order delay, for what vehicle and what work order number.
84	6	2017	17-FSE	The Equipment Repair Request Form is missing important information that can be used to inform Fleet Services performance.	Redesign the Equipment Repair Request Form to capture the time reported, estimated time to repair, and actual completed time. Evaluate differences between anticipated return times and actual return times to evaluate Fleet Services performance.	Reviewed work order demonstrating time to completion is tracked.
85	7	2017	17-FSE	Repeat repairs (comebacks) are more common than industry standards for the Bus Shop and the Corp Shop.	Monitor and analyze repeat work to determine cause, particularly for the Bus Shop and Corp Shop.	KPIS that evaluate proactive versus reactive maintenance are in place for the bus shop.
86	8	2017	17-FSE	Parts inventory lacks sufficient controls and clear staff roles, resulting in inventory losses.	Transfer one of the Fleet Procurement Technicians from the Transit Facility to Vehicle Maintenance and hire a full-time Storekeeper or Maintenance Worker to perform parts-related duties during the second shift. Conduct an annual parts audit.	Fleet staffing has shifted to reflect the recommendation.
87	9	2017	17-FSE	Parts exceeding \$1,000 in value are burdensome to purchase under the current practice.	Issue a request for proposal (RFP) and award contracts with vendors to provide fleet parts with set prices and delivery criteria.	SOP for Fleet Services Parts indicates a process to procure parts cost-effectively.
88	10	2017	17-FSE	Repair services are procured on a case-by-case basis with vendors.	Issue an RFP and award a contract to provide fleet repair services with local vendors with set prices, delivery criteria, and warranties.	SOP for Fleet Services Parts indicates a process to procure parts cost-effectively.
89	11	2017	17-FSE	Fleet Services contracts out fewer services than the industry standard.	Continue to outsource police car buildups and consider additional outsourcing opportunities, where appropriate.	The Lehr, and Joy's are currently under agreement for Public Safety upfitting were provided.
90	12	2017	17-FSE	While overall mechanic staffing levels are adequate, shops are disproportionately staffed based on their individual estimated workload.	Transfer one Equipment Mechanic from the Cop Shop to the Corp Shop to support appropriate staffing needs.	Staffing evaluation for fleet services is ongoing as equipment figures change and adjust.
91	13	2017	17-FSE	The City relies on short-term fleet replacement planning and lacks well-defined replacement criteria.	Develop a long-range fleet replacement plan and re-evaluate replacement intervals.	Replacement for each fleet unit is built into the system for tracking purposes.

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92	14	2017	17-FSE	The criteria for identifying vehicles and equipment past the "optimum economic life point" does not take a variety of influencing factors into consideration.	Adopt a methodology to support the replacement of vehicles and equipment based on the "optimum economic life point" of a unit. Criteria should include age, miles/hours, maintenance/repair costs, condition, reliability, and downtime.	Replacement for each fleet unit is built into the system for tracking purposes.
93	15	2017	17-FSE	The City's fleet may be too large and underutilized.	Conduct a basic utilization review of the entire fleet, requiring departments to justify the need for each assignment, including units that are individually assigned or assigned as a sub-pool vehicle to the department.	Fleet Utilization Study was conducted in 2018.
94	16	2017	17-FSE	The City's financial and fleet chargeback system does not encourage fleet customers to modify their behavior in terms of minimizing fleet size and maximizing efficiency.	Develop a more comprehensive and accountable chargeback system that incorporates fleet replacement, overhead, and all operational costs.	Verified Fleet Shop rates and external mark up
97	19	2017	17-FSE	Fleet Services' hourly shop rates, parts markup, and fuel markup are understated.	Re-compute shop labor rates and markups for fuel and parts by appropriately allocating labor and overhead costs to these activities. Compute separate rates and markups for both the Bus Shop and Vehicle Maintenance.	Verified Fleet Shop rates and external mark up
98	20	2017	17-FSE	Fleet Services does not levy a markup for commercial (sublet) repair work or a charge for administration/asset management.	Develop a markup for commercial work and an annual administrative and asset management charge for each fleet unit by appropriately allocating labor and overhead costs to these activities. Compute separate rates and markup for the Bus Shop and Vehicle Maintenance.	Verified Fleet Shop rates and external mark up
102	24	2017	17-FSE	Fleet Services performance metrics are not currently in place.	Establish performance measures and monitor them with the goal of measuring performance against industry and shop standards.	KPIs for fleet were provided from Jan 2024 - July 2024. KPIs included Proactive vs. Reactive Work Orders are monitored per month and Delay reasons and hours are tracked my month for all work orders.
103	25	2017	17-FSE	Fleet Services does not generate reports regarding vehicle status and cost of maintenance and repairs to management or its fleet customers.	Develop monthly management reports for the Public Works Director, the City Manager, and all fleet customer departments.	Two reports from Nov. were provided. The reports include Unit #, Unit Description, Service or Problem, Date in, Status of problem and dept. #.
104	26	2017	17-FSE	Very few best fleet practices are being followed at the City's Compost Facility.	To ensure equipment receives the proper level of service, place the responsibility to maintain all Compost Facility equipment under the direction of Fleet Services.	Fleet staffing has shifted to reflect the recommendation.
105	27	2017	17-FSE	The Compost Division is not contributing to the City's replacement fund.	The Compost Division should contribute to the City's fleet replacement for all nine heavy equipment units.	Screenshots provided show the new compost loader and tis OM rate and replacement rate.
123	1	2017	17-ICTPC	Certain aspects of P-Card administration were not well documented such as P-Card authorization forms, training, and deactivation of cards.	Continue to improve administration and documentation of the Pcard program.	Administrative Directive 7.27 includes procurement card policies and procedures

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133	1	2017	17-ICTPC	Payment documentation requirements do not provide maximum controls.	Consider increasing the payment documentation requirements.	Closed upon review of P-Card policy, which restricts "any purchases which contain elements of labor, installation, repair, or modification which are performed on City property"
124	2	2017	17-ICTPC	Not all card statements were signed by the cardholder.	Re-emphasize the importance of signing monthly statements.	Requirement to sign monthly p-card statements is indicated in policies and procedures as well as training.
134	2	2017	17-ICTPC	The City's current P-Card policy does not require documentation that shipped or delivered items go to a City address unless an explanation is provided	Increase shipping and delivery address requirements.	Closed upon review of P-card policy, which indicates that purchase receipts always reference a shipping address or delivery location and includes what to do if it does not have this information.
125	3	2017	17-ICTPC	Not all receipts for transactions included required documentation.	Remind cardholders and supervisors about documentation requirements.	Will Wong was promoted as Utilities Director in 2018; interviews for a 2024 internal audit indicate enhanced collaboration and communication.
135	3	2017	17-ICTPC	Current asset controls are not addressed within the City's PCard Manual.	Update the City's P-Card Manual.	Asset Capitalization Policy addresses asset controls
126	4	2017	17-ICTPC	Not all P-Card transactions were appropriate given the existence of blanket purchase orders or annual agreements in place with certain vendors.	Re-emphasize the importance of reviewing the list of the City's BPOs and annual agreements.	Closed upon review of P-Card policy, which restricts "any purchases which have an existing blank purchase order and/or department assigned annual agreement"
136	4	2017	17-ICTPC	Some P-Card transactions did not have clear business purposes.	Consider increasing documentation requirements to include an explanation of business purpose.	Closed upon review of P-card policy, which includes guidance around which purchases require a clear business purpose.
127	5	2017	17-ICTPC	Some purchases included labor, installation, or repair services, which are not permitted expenditures with P-Cards.	Clarify language related to restriction on services, labor, and installation.	Closed upon review of P-Card policy, which restricts "any purchases which contain elements of labor, installation, repair, or modification which are performed on City property"
137	5	2017	17-ICTPC	Pre-approval may not be obtained from the Information Technology (IT) Department for all technology purchases.	Clarify P-Card manual regarding technology purchase requirements.	Closed upon review of P-card policy, which requires IT related purchases to get pre-approval for each instance of purchase.
128	6	2017	17-ICTPC	Not all travel-related P-Card purchases were included on travel expense claims.	Implement additional processes to strengthen controls during reconciliation of the P-Card statement and the travel expense claim.	Last revision of the travel policy was 12/12/23. the Reconciliation between travel expense claims and the City's procurement card has been documented.

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138	6	2017	17-ICTPC	The City does not provide guidance about some types of expenditures to ensure prudent use of public funds.	Update the P-Card manual to provide more comprehensive guidance about other types of purchases including food and employee recognition events.	Closed upon review of P-card policy, which includes a note about how to handle food and employee recognition purchases.
129	7	2017	17-ICTPC	Required price comparisons were not performed for all items available through the City's contract with Office Depot.	Improve compliance with Office Depot price comparisons.	P-Card policy mentions the requirement that office supplies must be ordered through the lowest cost supplier.
139	7	2017	17-ICTPC	Some departments use shared P-Cards, and the City's P-Card manual does provide adequate controls for this type of usage.	Update the P-Card manual to specifically address the processes and procedures for shared P-Cards.	Closed upon review of P-card policy, which restricts sharing cards with other City staff and explains potential exceptions..
130	8	2017	17-ICTPC	Not all required quotes were obtained for purchases over \$1,000.	Continue to detect missing quotes and enforce non-compliance.	P-card policy indicates the need to obtain 3 quotes for items over \$3,500
140	8	2017	17-ICTPC	Some current P-Card accounts may not be necessary, while others may be required.	Develop and implement a process to periodically review all PCards accounts.	Closed upon review of P-card policy, which requires review of inactive accounts every 6 months.
141	9	2017	17-ICTPC	The City's P-Card violation program may not be adequately defined to support strong enforcement action.	Strengthen the City's enforcement program for violations of the P-Card manual.	Closed upon review of P-card policy, which includes a section on consequences for failure to comply with program policies and procedures.
106	1	2017	17-ICTTE	The City's current policies and procedures do not specifically require documentation in writing for prior approval of all travel arrangements.	Update the policy to include clear guidance for how approval in advance of travel arrangements should be documented.	Last revision of the travel policy was 12/12/23. The City has added an authorization for travel section which outlines how to receive pre-approval to travel. An Event Authorization Form is required to be complete for any business travel.
117	1	2017	17-ICTTE	The City does not provide guidance about when travel time should begin and end in relation to the intended conference or training.	Update written policies to provide guidance about travel time.	Last revision of the travel policy was 12/12/23. The policy states when travel time should begin and end and what types of reimbursements are allowed.
107	2	2017	17-ICTTE	Adequate and appropriate documentation was not provided in all travel expense packets.	Update the travel policy to include explicit direction about required supporting documentation and provide relevant resources and training to support compliance.	Travel policy includes a listing of required supporting documentation.
118	2	2017	17-ICTTE	The expenses incurred for the same conference or training can vary significantly.	Develop and implement process to compare costs across individuals attending same event and investigate certain variations.	Last revision of the travel policy was 12/12/23. The policy states that when Travel Expense Claim packages are submitted by different staff for the same event the need to be reviewed and give a list of criteria in which to review and compare.

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108	3	2017	17-ICTTE	Not all travel advances were approved in accordance with the City's policy.	Revise City policy regarding authorization of travel advances.	Last revision of the travel policy was 12/12/23. And authorization and training of the process has been created.
119	3	2017	17-ICTTE	There is no formal process in place to compare the authorized cost of a trip to the actual cost incurred on a trip.	Develop and implement a process to compare estimated costs to actual costs and investigate significant deviations.	Last revision of the travel policy was 12/12/23. The policy states that when Travel Expense Claim packages are submitted they need to review the difference between the estimated costs and the actual costs.
109	4	2017	17-ICTTE	Not all travel-related p-card purchases were included on travel expense claims.	Implement additional processes to strengthen controls during reconciliation of the p-card statement and the travel expense claim.	Last revision of the travel policy was 12/12/23. the Reconciliation between travel expense claims and the City's procurement card has been documented.
120	4	2017	17-ICTTE	Some individuals may not be requesting all reimbursements they are due but may not be officially forfeiting these funds either.	Add section in travel expense claim form for individuals to authorize their forfeiture of funds.	Travel policy requires all travel expenses to be part of the Travel Expense Claim packet, even if the amount is not owed to the traveler.
110	5	2017	17-ICTTE	Some meal reimbursements exceeded GSA rates or otherwise were not compliant with the City's policies.	Establish and implement an additional process to obtain approval for meals that exceed the established GSA rates.	Last revision of the travel policy was 12/12/23. Meal expenses that exceed established rates are required to have a travel cost justification form to be filled out and must be approved by the direct supervisor and department director or authorized designee.
121	5	2017	17-ICTTE	The City's current policy lacks guidance with regard to claiming reimbursement for additional travel fees, such as, parking and resort fees.	Update the City policy to include more specific guidance in regard to additional fees commonly associated with travel.	Last revision of the travel policy was 12/12/23. The policy has an entire section that lists other reimbursable expenses, including things like bridge tolls, shuttle fees, parking fees, visa and passport expenses, etc.
111	6	2017	17-ICTTE	The City's policy does not adequately address requirements for standardized notations about travel times to support accurate per diem calculations.	The City should update its policy to include documentation requirements regarding travel times on the travel expense claim forms.	Last revision of the travel policy was 12/12/23. Requirement regarding travel times has been outlined in the policy - when reviewing Travel Expense Claims packages one thing that is required to verify is the travel time and dates.
122	6	2017	17-ICTTE	Some discrepancies exist between the City's current Municipal Code and the City's policy regarding travel expenses.	Update the City policy and Municipal Code section related to travel expenditures to eliminate discrepancies between the different sources of written guidance.	Administrative Directive 1.02 includes updated travel policies.
112	7	2017	17-ICTTE	Some transportation expenses do not appear to have been the most economical and lack justification for why these methods were chosen.	The City should update its policy and enforce the requirement to pursue the most advantageous method of transportation	Last revision of the travel policy was 12/12/23. Requirement regarding the most advantageous method of transportation has been outlined in the policy - when reviewing Travel Expense Claims packages one thing that is required to verify is transportation. It also states that if travelers are traveling by means that aren't the most economical that they will only be reimbursed up to the most economical means of transportation.
113	8	2017	17-ICTTE	Travel expenses were claimed that exceeded the lodging GSA rate without written documentation of a reason for an exception.	Reiterate the City's requirement to provide documentation of good faith effort for lodging rates that exceed the government or group rates.	Last revision of the travel policy was 12/12/23. The policy states that when the state of lodging exceeds the government rate that they must demonstrate good faith efforts to find median pricing lodging and obtain the necessary approvals

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114	9	2017	17-ICTTE	Some travel expense reimbursement claims included requests for duplicate reimbursement for meals, when meals were included as a part of the event attended.	Update the City's policy to provide additional direction regarding meal documentation.	Last revision of the travel policy was 12/12/23. The policy states that they must include receipts and copy of agenda - the agenda must include times, days and when meals are provided.
115	10	2017	17-ICTTE	Not all expense claims were submitted in a timely manner consistent with the City's policy	Update the City's policy to include consequences for late submissions and establish a process for monitoring and enforcing compliance.	Last revision of the travel policy was 12/12/23. The policy states that they must submit the Travel Expense Claim packet within 25 days and if they fail to do an addition Travel justification form is to be completed with all required signatures
116	11	2017	17-ICTTE	The City does not currently monitor and track instances of non-compliance with the travel policy, nor does it have a consistent enforcement protocol.	The City should update its current written policies and procedures relating to travel expenses to establish consequences of noncompliance.	Last revision of the travel policy was 12/12/23. The policy list consequences for when staff on not in compliance with the travel policy.
144	3	2019	17-ISF	N/A	Continue to adequately fund the Property Insurance ISF.	The Property Insurance ISF continues to be funded appropriately based upon review of the funding worksheet.
145	4	2020	17-ISF	N/A	Reduce overall liability through investments in risk management.	City performed an assessment of the Risk Division practices and has implemented improvements.
146	5	2021	17-ISF	N/A	Consider creating a trust to prefund employee benefit obligations.	City established an OPEB Trust in 2021.
147	6	2022	17-ISF	N/A	Develop a policy to adequately fund the EBF based on fund administrative costs, plus a target percentage of Annual Required Contribution (ARC) for retiree health contributions, plus a reasonable estimate, based on projected retirements, for leave cash-out. Discontinue the use of rate holidays to address budget deficits to stabilize the EBF.	The EBF is fully funded based on a review of the funding model.
153	12	2028	17-ISF	N/A	Conduct a facilities condition assessment to fully quantify the deferred maintenance and capital needs to be addressed.	FCA was completed in November 2024.
154	13	2029	17-ISF	N/A	Revise the Property ISF methodology to adequately fund facilities maintenance, operations, and capital needs. A comprehensive fee based on per square-foot building occupancy should be charged to departments to cover the complete costs of operating and maintaining the City's facilities.	The Property Insurance ISF continues to be funded appropriately based upon review of the funding worksheet.

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1	2017-001	2017	17-SAR	<p>Per the City of Modesto procurement card policy, a competitive quotation is required for all transactions over a \$1,500 threshold. The policy also establishes the following spending limits - \$1,500 for single transactions and a monthly limit of \$4,500. Spending above these limits are allowed with pre-approval.</p> <p>During our audit, out of a sample of 27 monthly employee procurement activity, we noted the following:</p> <ul style="list-style-type: none"> . Two cases over \$1,500 that did not have competitive quotation. . Two cases where an employee spent over their preapproved single transaction limit. . One case where an employee spent over their preapproved monthly transaction limit. 	<p>We recommend the City strengthen internal controls over the procurement card process for collection of competitive quotations and the monitoring of employee procurement card limits. The City may improve the monitoring of spending limits by comparing a listing of each employee and their standard single transaction limit and standard monthly transaction limit to their monthly procurement card statement.</p>	<p>PROCUREMENT CARD POLICIES AND PROCEDURES MANUAL 7.27 was revised on 9/8/23 and lays out the process to do a temporary increase on a p-card. They also included the form that needs to be filled out and approved for the increased amount.</p>
2	2017-002	2017	17-SAR	<p>During the audit, it has come to our attention that certain purchasing policies and procedures were not being followed. The purchasing policies and procedures are essential to meeting the City's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.</p> <p>Some of the initial findings relate to a lack of clarity regarding administering contracts and purchasing procedures, inadequate policies and oversight, inadequate training, lack of communication among departments, staffing constraints, and unauthorized extensions and contract adjustments. The City has proactively engaged professional assistance in investigating these discrepancies in order to identify the causes of breakdown in internal controls. The next step is to take the necessary corrective actions in order to cure any deficiencies that need action and strengthen the existing internal controls to ensure compliance with the City's purchasing policies and procedures.</p>	<p>We recommend the City continue its investigation of past contracts and make the appropriate changes to its purchasing policies and procedures in order to strengthen the internal controls over this area. Also, the City should implement a monitoring and oversight process to ensure adherence to purchasing policies and procedures as designed.</p>	<p>Purchasing Policy 7.5 and Purchasing Procedure Manual were updated in Nov. 2023. In the Purchasing Procedure Manual it has a section on reporting and requisitions needed which states the monthly monitoring report and also provided additional purchasing guidance. Also reviewed was 3 of the monthly purchasing updates that is review with council and this seem efficient and covers new policy and produces and other topics related to purchasing at the city.</p>

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3	2017-003	2017	17-SAR	<p>We reviewed 2 out of 3 subrecipient files and noted that 1 subrecipient did not have the universal identifier and SAM requirements in accordance with 2 CFR 25.200. Additionally, the City did not retain documentation to indicate whether it collected the subrecipients' unique entity identifier prior to awarding funds in accordance with 2 CFR 25.205.</p> <p>The City did not have a process in place to ensure the required information is communicated and collected, nor did the City ensure its subrecipient maintain active SAM registration.</p>	<p>We recommend that the City should review all federal statutes, regulations, and the terms and conditions of the federal award and determine whether or not policies and procedures exist and are operating effectively to ensure compliance with all requirements.</p> <p>Further, the City should maintain adequate documentation that the unique entity identifier has been obtained.</p>	Marked corrected in the 2018 Single audit report
4	2017-004	2017	17-SAR	<p>The City did not perform inspections for the year ended June 30, 2017. However, the City has developed controls and procedures to identify those units on which housing quality inspections are due to ensure the required inspections are performed. City staff developed a monitoring schedule and HOME units are scheduled to be inspected starting January 2018. This is a repeat finding since the single audit for the year ended June 30, 2015.</p> <p>Due to management changes and reorganization, staff was unable to perform inspections.</p>	<p>During the fiscal year, the City's Citizens Housing and Community Development Committee approved HOME policies and procedures, which were also subsequently approved by the City Council. These policies and procedures require the City to perform required on-site inspections of HOME-assisted properties periodically, consistent with the Criteria noted above. We recommend that the City continue to evaluate the effectiveness of its current internal control policies to ensure that the required inspections of units are performed as housing quality inspections are due.</p>	Marked corrected in the 2018 Single audit report
11	F1	2018-2019	18_19-SCCGJ	Several high-level and interim positions within the City of Modesto have now been filled.	The City of Modesto should continue to maintain adequate staff who will enter specific contract information and generate reports using the Oracle Computer System.	The purchasing Ord chart provided for the most recent procurement audit shows the approved position and employees in those positions. Also reviewed was the job descriptions for the following add positions assistant Buyer, Senior Buyer, Buyer, and purchasing manager.

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12	F2	2018-2019	18_19-SCCGJ	The number of staff positions within the City of Modesto currently meets the contract monitoring needs of the city.	The Finance Department should continue to conduct monthly meetings to assure contract compliance.	2 of the monthly purchasing updates were reviewed and are efficient and covers new policy and produces and other topics related to purchasing at the city.
13	F3	2018-2019	18_19-SCCGJ	Staff now receive monthly training regarding standardized policies and procedures.	As required by Modesto City Charter and the Modesto Municipal Code, regular meetings with all city division heads should occur to ensure that contracts nearing monetary or time limits are reported to the Modesto City Council	2 of the monthly purchasing updates were reviewed and are efficient and covers new policy and produces and other topics related to purchasing at the city. A monthly Purchasing email was provided that is sent to the City departments which includes all Department Directors. This email is sent at the beginning of every month. It also included the most recent updates of all agreements, Blankets, and Amazon spending.
14	F4	2018-2019	18_19-SCCGJ	The purchasing Procedures manual has not been revised since March 2007	Both of the Purchasing Division's written policy and procedures manuals should be finalized by September 30, 2019."	Purchasing Policy 7.5 (original date of 11/1/2018) and Purchasing Procedure Manual were both updated in Nov. 2023.
15	F5	2018-2019	18_19-SCCGJ	The purchasing manual has not been revised since July 2009.	Both of the Purchasing Division's written policy and procedures manuals should be finalized by September 30, 2019.	Purchasing Policy 7.5 (original date of 11/1/2018) and Purchasing Procedure Manual were both updated in Nov. 2023.
16	F6	2018-2019	18_19-SCCGJ	The City of Modesto's purchasing division now has safeguards in effect with regard to contract approvals	Staff responsible for purchases and contracts should follow the City of Modesto policy and procedures and the Modesto Municipal Code.	Purchasing Policy 7.5 (original date of 11/1/2018) and Purchasing Procedure Manual were both updated in Nov. 2023. Reviewed purchasing training that covered these policies.

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17	F7	2018-2019	18_19-SCCGJ	The City of Modesto's purchasing division now enters and monitors contract information within the Oracle Computer System.	Purchasing and finance department staff should receive specific orientation and refresher training regarding utilization of the Oracle Computer System.	Purchasing Policy 7.5 (original date of 11/1/2018) and Purchasing Procedure Manual were both updated in Nov. 2023. Reviewed purchasing training that covered these policies.
18	F8	2018-2019	18_19-SCCGJ	The position of City Auditor remains vacant as of the date of this report.	The Modesto City Council should begin the process of recruiting and hiring a new City Auditor as required by Modesto Municipal Code §902.1, no later than September 30, 2019.	Marked as Corrected in the 2022 Single Audit Report
165	6	2018	18-FUS	N/A	Expand the central motor pool at City Hall by utilizing existing City vehicles and/or rental cars to provide access to vehicles that may be needed due to the surplus of underutilized vehicles.	Provided rental report for July 2024 - December 2024 of all central motor pool reservations
166	7	2018	18-FUS	N/A	Utilize the State of California's Statewide Travel Program for rental vehicles to supplement the City pool when units are out of service due to extensive repair work or for peak need periods.	Rental agreements apply government discounted rates.
167	8	2018	18-FUS	N/A	Train employees on the guidelines and policies for determining when to use a City vehicle, mileage reimbursement, or a rental vehicle.	Reviewed Fleet Training and Training Materials
168	9	2018	18-FUS	N/A	Re-evaluate the composition of the shop loaner pool and discontinue the practice of charging customers for utilization of loaner pool vehicles.	Screenshot provided shows that a rental rate is applied to each vehicle and it shows the Hourly, Daily, Weekly and Monthly rates to rent a motor pool vehicle or equipment

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169	10	2018	18-FUS	N/A	Establish a new central heavy equipment pool, supplemented with rentals, to provide access to equipment that may be needed due to the surplus of underutilized equipment and require all requests for heavy equipment rentals to be processed and approved through Fleet Services.	Screenshot provided shows that a rental rate is applied to each vehicle and it shows the Hourly, Daily, Weekly and Monthly rates to rent a motor pool vehicle or equipment
173	1	2018	18-PES	Decentralized Plan Check and Permitting Processes	Define and create an organized and centralized location of resources relevant to the varied permitting activities.	eTRAKiT is used to track permit activities and a plan process review was provided and illustrates the process by which plans are reviewed and how to resubmit revised plans when necessary.
174	2	2018	18-PES	Reliance on Sole Source Employees Close to Retirement	Proactively strategize ways to incorporate succession planning for key positions involved in permitting activities to ensure operational continuity and prevent the loss of institutional knowledge.	Solar Plan and Water Heater Inspection checklists were provided and are thorough in demonstrating everything that needs to be addressed during those inspections. A Process flow for development review process was also provided as a road map for project managers to ensure all steps occur during the review.
175	3	2018	18-PES	Early Stages of Outcome Performance Measuring and Reporting	Review and identify more meaningful performance metrics related to permitting activity, and identify opportunities for sharing with City leadership and customers alike.	Monthly data from 21-24 was provided on community and economic development projects. The data shows counts by month for topics such as, residential unit applications, new commercial applications, Permits issued- new commercial, Customer counts, all inspections completed, etc.

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176	4	2018	18-PES	Significant CED Department Leadership Turnover	Support departmental stability by ensuring positions are filled timely, staff are provided sufficient training and support, and dedicate resources to developing managers through coaching and training	Provided evidence of trainings that were approved and attended, also a list of staff that attended. For 2024
177	5	2018	18-PES	Building Permit Plan Check Slowdowns from Incomplete Applications	CED should develop a comprehensive checklist of all the items that must be included in pre-submittal and plan check.	Check lists and how to guide for eTRAKiT pre submittals and plan checks were provided. They layout the process and are comprehensive.
179	7	2018	18-PES	Heavy Reliance on Manual Processes and Paper	The selection and implementation of a new Permitting System provides an opportunity to strengthen internal data and processes.	Monthly data from 21-24 was provided on community and economic development projects. eTRAKiT System provides an opportunity to strengthen internal data and processes. The data shows counts by month for topics such as, residential unit applications, new commercial applications, Permits issued- new commercial, Customer counts, all inspections completed, etc.
182	10	2018	18-PES	No Formal Customer Feedback Mechanism in Place	Develop a simple yet meaningful process to solicit, collect, and analyze customer feedback on the different permitting process activities in order to facilitate ongoing continuous improvement efforts.	Customer feedback surveys have been created for inspections and permitting and reports for each were provided.

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5	2018-001	2018	18-SAR	<p>For one of the four projects we reviewed, we noted that one of the subcontractors did not submit the certified payroll reports prior to the date of testing. Furthermore, one contractor and one subcontractor did not submit their certified payroll reports within the required timeframe.</p> <p>The City did not have a review process in place to ensure that the required certified payroll reports were submitted for all projects and by all covered contractors and subcontractors.</p>	<p>We recommend that the City develop a periodic review of all projects' certified payroll reports to ensure that all contractors and subcontractors are submitting the required reports within the required timeframe.</p>	<p>Marked corrected in the 2019 Single audit report</p>
6	2018-002	2018	18-SAR	<p>While performing audit procedures over the City's procurement process for rehabilitation projects, we noted that the City did not adequately advertise the bids for a sufficient amount of time before the date set for opening the bids.</p> <p>Although the projects did not reach a limit that would require the use of sealed bids, it was the City's practice to use sealed bids when procuring housing rehabilitation services from contractors. This caused confusion as to what procedures should be used.</p>	<p>We recommend that the City update their current policies to match their current practices when soliciting for housing rehabilitation services.</p>	<p>Marked corrected in the 2019 Single audit report</p>
7	2018-003	2018	18-SAR	<p>While performing audit procedures over the City's subrecipient monitoring, we noted that the City did not include all of the required information at the time of the subaward as required by federal guidelines.</p> <p>The City has not updated its contracts/agreements between the City and its subrecipients to comply with the changes made to the single audit requirements by the</p>	<p>We recommend that the City update their subrecipient contracts to include all of the requirements of 24 CFR 200.331.</p>	<p>Marked corrected in the 2019 Single audit report</p>

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8	2019-001	2019	19-SAR	<p>During our fieldwork, we noted the City did not have adequate procedures to accurately report capital asset additions and disposals/deletions as construction in progress assets were completed; resulting in material audit adjustments and reclassification to properly capitalize completed projects into a depreciable asset base and record depreciation expense.</p> <p>Internal controls have not been suitably designed and implemented over the construction in progress completion reporting process to ensure that completed projects were properly placed in service and/or deleted out of the construction in progress accounts.</p>	<p>The City should design and implement internal controls over capital assets to ensure that all balances are properly recorded, thus resulting in proper presentation with generally accepted accounting principles (GAAP). We recommend that the City implement different levels of internal review and/or consult with the City's Public Works Department to ensure that completed construction-in-progress jobs are properly closed and moved to a depreciable asset base to ensure proper presentation and classification of capital assets in accordance with GAAP.</p>	<p>Marked as implemented in the 2020 Single Audit Report</p>
9	2020-001	2020	20-SAR	<p>During our testing of accounts payable, we noted invoices for goods/services incurred prior to the end of the fiscal year were not accrued in the financial statements resulting in a material adjustment.</p> <p>Although the City's accrual process resulted in the vast majority of the accruals being correctly accrued, the City unfortunately missed two material invoices which resulted in the material adjustment.</p>	<p>We recommend that City put an additional level of review over the accrual process and implement additional testing over possible missed expenses and liabilities to ensure that the City captures and accrues all necessary invoices as of year-end.</p>	<p>Marked as implemented in the 2021 Single Audit Report</p>
25	R1 - homelessness	2022	21_22-SCCGJ		<p>More accountability needs to be introduced into the system. The Community System of Care, the Stanislaus Homeless Alliance, and the Community Services Agency should take the lead, demand verifiable performance, and focus funding and other resources on those agencies and organizations with demonstrable success. This should be done by jointly adopting a performance evaluation system prior to allocation of the next round of 13 federal homeless funding. Progress on achieving the eight goals set forth in the Stanislaus 2021 Regional Strategic Plan to Address Homelessness should be included in performance evaluations.</p>	<p>The City provided a copy of the NOFA released in 2022 - the goal of the City of Modesto is to facilitate the construction, acquisition, rehabilitation, and/or preservation, of affordable multifamily rental housing for extremely low- (30% AMI), very low- (50% AMI) and low-income (80% AMI) households or as specified by funding source requirements.</p> <p>The City also provided their CAPER reports from 21-22 and 22-23 which reports on progress made on improving neighborhoods, partnerships with community organizations, to provide affordable housing opportunities to those in need, improve living conditions, and the provision of services for the homeless, including individuals with special needs. They also provided us with the data template they use to collect data from partnerships and community organizations.</p>

ID	Finding Number from Report	Report Year	Report Code	Finding	Recommendation	Moss Adams Determination Notes
29	R1- Water supply and demand	2022	21_22-SCCGJ		Modesto should adopt a more aggressive conservation program to reduce its gallons per capita daily consumption and the severity of future rate increases.	Confirmed additional investment into water conservation program.
26	R2 - homelessness	2022	21_22-SCCGJ		More focus should be given to preventing homelessness. To the extent there are funds not earmarked for other purposes, in the budgeting process of each jurisdiction, priority should be given to allocating these funds for affordable housing, substance abuse treatment, and mental health services.	<p>The city provided information regarding the funding they have provided for beds and unit expansion of affordable housing.</p> <p>The City also provided their CAPER reports from 21-22 and 22-23 which reports on financials - resources and investments, expenditures, and financial summaries.</p>

ID	Finding Number from Report	Report Year	Report Code	Finding	Recommendation	Moss Adams Determination Notes
30	R2- Water supply and demand	2022	21_22-SCCGJ		Modesto should better educate its citizens on the need to conserve so that when greater restrictions are required, the public is more accepting of the need.	Confirmed additional investment into water conservation education efforts.
27	R3 - homelessness	2022	21_22-SCCGJ		All cities in the County should continually be encouraging the construction of significantly more affordable housing. They should evaluate their plans, procedures, and requirements with the goal of balancing community goals, standards, and aspirations with the need for affordable housing.	The City provided their Housing Plan from 2022 and then the Housing element and elements approved for 2023-2031. All the documents outline the cities effort to providing affordable housing and housing choices for everyone. The documents provided show the cities efforts to invest in and expand the number of affordable housing units. The housing report provided developments and cost of the additional 282 affordable housing units that have been added to the city since 2020.
31	R3- Water supply and demand	2022	21_22-SCCGJ		Modesto should accelerate its efforts to limit water system loss.	The City provided their water CIP projects from 2016-2025. since 2022 they have done eight (8) S&R water main projects. The City also provided the Councils approval of Olea (water meter monitoring AR and Resolution in December 2023).

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28	R4 - homelessness	2022	21_22-SCCGJ		All cities should report annually to the Community System of Care and Stanislaus Homeless Alliance on the steps they have taken to help produce more affordable housing.	The housing report provided developments and cost of the additional 282 affordable housing units that have been added to the city since 2020.
10	2021-001	2021	21-SAR	<p>Per audit procedures performed over expenditures charged to the Emergency Rental Assistance Program (the Program), we noted an invoice that was incorrectly calculated and charged to the program. The service charge was calculated on a combined federal and state program total, which resulted in the City's Program being overcharged. The overcharge included costs that should have been allocated to the State funding programs as opposed to the federal program, resulting in questioned costs to the Program.</p> <p>Although the City has sufficient internal control processes over expenditures, including proper review, approval and recording; the overcharge was due to the vendor providing one invoice which combined charges for both federal and state funded programs that was overlooked when the invoice was submitted for payment to the federal program.</p>	We recommend that management require vendors to split charges and/or implement additional reviews when processing payments for invoices with multiple funding sources.	Marked as Corrected in the 2022 Single Audit Report
19	F1	2023	22_23-SCCGJ	The number of homeless in Stanislaus County fluctuates from year to year but is increasing over time. This trend was exacerbated by the COVID-19 pandemic.	More accountability needs to be introduced into the system. The Community System of Care, the Stanislaus Homeless Alliance, and the Community Services Agency should take the lead, demand verifiable performance, and focus funding and other resources on those agencies and organizations with demonstrable success. This should be done by jointly adopting a performance evaluation system prior to allocation of the next round of federal homeless funding. Progress on achieving the eight goals set forth in the Stanislaus 2021 Regional Plan to Address Homelessness should be included in performance evaluations.	The City provided their CAPER reports from 21-22 and 22-23 which reports on progress made on improving neighborhoods, partnerships with community organizations, to provide affordable housing opportunities to those in need, improve living conditions, and the provision of services for the homeless, including individuals with special needs. They also provided us with the data template they use to collect data from partnerships and community organizations.

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20	F2	2023	22_23-SCCGJ	The most significant causes of homelessness are lack of affordable housing, substance abuse, and mental health.	<p>More focus should be given to preventing homelessness. To the extent there are funds not earmarked for other purposes, in the budgeting process of each jurisdiction, priority should be given to allocating these funds for affordable housing, substance abuse treatment, and mental health services.</p>	The City provided their CAPER reports from 21-22 and 22-23 which reports on financials - resources and investments, expenditures, and financial summaries.
21	F3	2023	22_23-SCCGJ	efforts to better coordinate the system of care are underway. These include the Stanislaus Homeless Alliance at the policy level, and the Homeless Management Information System at the operational level.	<p>All cities in the County should continually be encouraging the construction of significantly more affordable housing. They should evaluate their plans, procedures, and requirements with the goal of balancing community goals, standards, and aspirations with the need for affordable housing.</p>	The documents provided show the cities efforts to invest in and expand the number of affordable housing units. The housing report provided developments and cost of the additional 282 affordable housing units that have been added to the city since 2020.

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22	F4	2023	22_23-SCCGJ	Since over half of the homeless each year are in the care system for the first time, efforts to prevent homelessness have not been successful enough. Without greater prevention success, homelessness cannot be reduced.	All cities should report annually to the Community System of Care and Stanislaus Homeless Alliance on the steps they have taken to help produce more affordable housing.	The housing report provided developments and cost of the additional 282 affordable housing units that have been added to the city since 2020.
23	F5	2023	22_23-SCCGJ	Despite enormous funding for homeless programs, and despite the fact that there are many individual successes, overall the system to date has not reduced homelessness.	Subsequent civil grand juries are encouraged to monitor progress on these recommendations and consider a more in-depth investigation into efforts to produce affordable housing.	The Homelessness Workshop provided was done in October 2023. The City demonstrates the current state of homelessness, data around the City's and communities accountability efforts, summary of the City's programming and initiatives, shelter and housing and what projects have been completed, are in construction, and are pending, and finally summaries of the current research and benchmarking the city has completed on safe housing and bridge housing. This shows the City's efforts to monitor progress and consider other efforts to produce affordable housing.
32	1	2024	24-FASWES	The span of control for the Forestry Manager is unusually high, which may be limiting their ability to support <u>employee career growth and development.</u>	Continue to pursue transitioning two Crew Leader positions to supervisory positions to reduce span of control.	City Council approved Forestry Reorg Plan with two additional supervisors on 11/12/2024.
34	3	2024	24-FASWES	Forestry employees reported understaffing in several areas.	Consider adding equipment operators, inspectors, and an Administrative Office Analyst (AOA) to increase team efficiency.	The city provided signed Council resolutions for funding of the forestry re-org and the funding will go in to effect for FY 24-25, specifically in Nov. 2024.
41A	10A	2024	24-FASWES	Technology limitations impact Forestry's operations.	Continue to adapt Lucity to act as an effective and efficient tree management system.	A screenshot from lucity shows a work order for Forestry inspection and includes address and scheudlign notes, etc.
41B	10B	2024	24-FASWES	Technology limitations impact Forestry's operations.	Continue to modernize processes, including migrating away from paper-based processes and moving requests online.	A GoModesto report provided for all the open requests that have been submitted. It groups them by department and request type. It then shows the number of open request for each request type and the date range for open requests. As of 12/13/24 Forestry had 572 open requests since the start of July 2024.
42B	11B	2024	24-FASWES	Procurement delays are still impacting Forestry and Solid Waste's ability to obtain necessary equipment, likely due to limited central procurement capacity and supply chain issues.	Designate a procurement liaison in each division who can work with Procurement and Fleet to ensure that all purchased specialty parts are the correct item.	Screenshot of the invite for the monthly fleet services meeting was provided - in the details of the meeting it states that they discuss any fleet services issue: sho, vehicle, replacements, etc.
38A	7A	2024	24-FASWES	Current staffing and equipment levels are not sufficient to address the City's tree maintenance backlog and maintain a tree pruning cycle aligned with best practices.	Continue to contract out for additional capacity aimed at stump grinding, tree removal, and pruning. Consider increasing these contracts.	City Budget documents indicate an increase in staffing and contractor spend due to available funding through Measure H.