



# Exit Conference

City of Tacoma – Financial & Federal Audit  
January 1, 2023 – December 31, 2023

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November 19, 2024

Disclaimer: This presentation is intended to be viewed in conjunction with the complete packet of exit materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing [PublicRecords@sap.wa.gov](mailto:PublicRecords@sap.wa.gov).

**AUDITOR OF STATE  
WASHINGTON**  
Office of the  
Washington  
State Auditor  
Pat McCarthy

1



## Results that Matter

-  Increased trust in government
-  Independent, transparent examinations
-  Improved efficiency and effectiveness of government



Pat McCarthy  
State Auditor

2

# Annual Comprehensive Financial Report (ACFR)



## Certificate of Achievement for Excellence in Financial Reporting

- Optional award program offered from the Government Finance Officer's Association (GFOA)
- Requires preparation and subsequent audit review of additional financial schedules
- Letter dated July 31, 2024



3

3

# Financial Audit Results

January 1, 2023 through December 31, 2023



## Unmodified Opinion Issued

- Opinion issued in accordance with U.S. GAAP
- Audit conducted in accordance with *Government Auditing Standards*

## Internal Control and Compliance over Financial Reporting

- We identified no significant deficiencies in internal control.
- We identified no deficiencies that we consider to be material weaknesses.
- We noted no instances of noncompliance that were material to the financial statements of the City.

4

4

## Financial Audit Results

### Required Communications

- We did not identify any material misstatements during the audit.
- Uncorrected misstatements have been provided for review.



5

5

## Work of Other Auditors

- Financial statement audits were performed by Moss Adams, who audited the financial statements of the Power, Wastewater, Water, Solid Waste, and Tacoma Rail funds.
- We did not find anything about their work that caused concern about its quality.
- No limitations restricted our analysis of the other audits.
- Did not notice any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.



6

6

# Federal Grant Compliance Audit Results

January 1, 2023 through December 31, 2023

## Unmodified Opinion Issued

- Opinion issued on the City's compliance with requirements applicable to its major programs
- Audit conducted in accordance with *Government Auditing Standards* and the Uniform Guidance

## Internal Control and Compliance over Major Programs

- We reported significant deficiencies in internal control.
- We identified deficiencies that we consider to be material weaknesses.
- We noted instances of noncompliance that are required to be reported.



7

7

# Major Programs Selected for Audit



ALN	Program or Cluster Title	Total Amount Expended
11.307	COVID-19 – Economic Adjustment Assistance	\$1,687,000
14.218	COVID-19 – CDBG Entitlements Grants Cluster	\$5,924,887
14.239	COVID-19 – Home Investment Partnerships Program	\$1,585,272
21.023	COVID-19 – Emergency Rental Assistance Program	\$859,601
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	\$25,586,527

These costs amount to approximately 74 percent of the total federal expenditures for 2023.

8

8

## Summary Schedule of Prior Audit Findings



- Status of City's Corrective Action Taken: Partially Corrected
- Specific corrective actions taken are described in your packet

Audit Period	Report Reference	Finding Ref. No.	Finding Title
1/1/2023	No. 181418	2022-001	24,900-14,218

**Finding Caption:** The City's internal controls were inadequate for ensuring compliance with federal reporting requirements.

**Background:** To comply with federal reporting requirements, the City must submit certain financial and program data to the U.S. Department of Housing and Urban Development (HUD). For the COVID program, this includes the City's annual Community Development Block Grant (CDBG) report. The City's internal controls were inadequate for ensuring compliance with federal reporting requirements.

9

9

## Single Audit - Finding



2023-001: The City did not have adequate internal controls to ensure compliance with reporting and federal wage rate requirements.

Please see your exit packet to view the details of this recommendation.

Finding Number and Title	Federal Grant Name	Federal Award Contract Number	Finding Title
2023-001	The City did not have adequate internal controls to ensure compliance with reporting and federal wage rate requirements.	14,218 - Community Development Block Grant-Emergency Grants	24,900-14,218

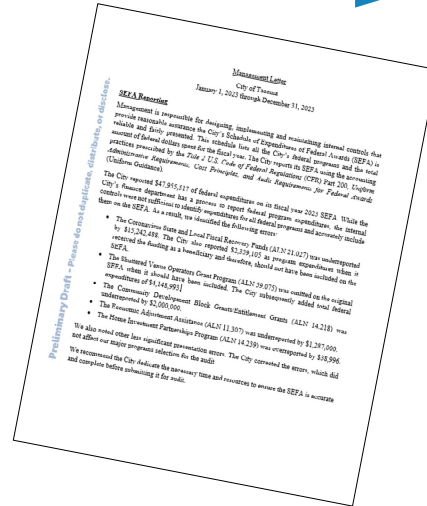
**Background:** The primary objective of the Community Development Block Grant-Emergency Grants (CDBG-EG) program is to help provide decent and affordable housing, increase employment opportunities for low and very low-income families, and help and providing suitable living environment and expanded economic opportunities.

10

# Financial and Single Audit – Management Letter



Please see page  
your exit packet to  
view the details of  
this  
recommendation.



11

## Closing Remarks

At the entrance conference, we estimated the cost of the audit to be \$407,000 and actual audit costs will approximate that amount. Please note this amount does not include the Accountability Audit cost.

The accountability audit for fiscal year 2023 is estimated to be completed in December 2024.

Next audit: Scheduled to begin in April 2025

- Financial statements, including ACFR
  - January 1, 2024 – December 31, 2024
- Federal programs
  - January 1, 2024 – December 31, 2024
- Accountability for public resources
  - January 1, 2024 – December 31, 2024

An estimated cost for the next audit has been provided in our exit packet.



12

## Report Publication

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<https://sao.wa.gov/about-sao/sign-up-for-news-alerts/>

### Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.



13

13

## Thank You!

- We thank City officials and staff for timely communications throughout the audit process.
- In particular, we would like to thank Susan Calderon, Assistant Finance Director, and Polly Wainaina, Senior Financial Manager, for their collaboration and timely responses to audit request to help move the audit forward.

14



# Questions?



Contact Sandra Groshong, Audit Manager,

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