

**CITY OF HARRISBURG,
PENNSYLVANIA**

SINGLE AUDIT REPORT

DECEMBER 31, 2019

CONTENTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance	3 - 6
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8 - 9
Schedule of Findings and Questioned Costs	10 - 19
Schedule of Prior Year's Audit Findings	20 - 26
Corrective Action Plan	27 - 30

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Eric Papenfuse, Mayor,
Honorable Members of City Council, and
Citizens of the City of Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisburg, Pennsylvania (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 18, 2021. Our report includes a reference to other auditors who audited the financial statements of the Harrisburg Parking Authority, the Harrisburg Downtown Improvement District, Inc., the Redevelopment Authority of the City of Harrisburg, and the Police Pension Trust Fund, as described in our report on the City's financial statements. The financial statements of the Harrisburg Parking Authority, the Harrisburg Downtown Improvement District, Inc., the Redevelopment Authority of the City of Harrisburg, and the Police Pension Trust Fund, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those entities or that are reported on separately by those auditors who audited the financial statements of the Harrisburg Parking Authority, the Harrisburg Downtown Improvement District, Inc., the Redevelopment Authority of the City of Harrisburg, and the Police Pension Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2019-001, 2019-002, 2019-003, and 2019-004, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is positioned to the right of the date and location information.

Camp Hill, Pennsylvania
February 18, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Honorable Eric Papenfuse, Mayor,
Honorable Members of City Council, and
Citizens of the City of Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the City of Harrisburg, Pennsylvania's (City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2019-005	14.218	Community Development Block Grants/ Entitlement Grants Cluster	Reporting
2019-005	14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/CDBG Disaster Recovery Grants Cluster	Reporting
2019-006	14.218	Community Development Block Grants/ Entitlement Grants Cluster	Program Income
2019-007	14.218	Community Development Block Grants/ Entitlement Grants Cluster	Equipment and Real Property Management
2019-008	14.218	Community Development Block Grants/ Entitlement Grants Cluster	Allowability
2019-009	14.218	Community Development Block Grants/ Entitlement Grants Cluster	Special Terms and Provisions

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

Qualified Opinion on Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Major Federal Programs paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Community Development Block Grants/Entitlement Grants Cluster, Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/CDBG Disaster Recovery Grants Cluster, and the Highway Planning and Construction Grant programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-008 and 2019-009. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2019-005, 2019-006, 2019-007, 2019-008, and 2019-009 that we consider to be material weaknesses.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of City of Harrisburg as of and for the year ended December 31, 2019, and have issued our report thereon dated February 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
February 18, 2021

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantor's Number	Federal Expenditures	Pass-Through to Subrecipients
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants Cluster	D	14.218	B-19-MC-42-0007	\$ 949,416	\$ 195,830
Emergency Solutions Grant Program	D	14.231	E-19-MC-42-0007	156,705	151,125
Home Investment Partnerships Program	D	14.239	M-19-MC-42-0201	327,990	-
Lead Hazard Reduction Demonstration Grant Program	D	14.905	PALHD0287-15	128,131	-
Lead Hazard Reduction Demonstration Grant Program	D	14.905	PALHD0427-19	3,452	-
				<u>131,583</u>	<u>-</u>
Passed through the Pennsylvania Emergency Management Agency: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/CDBG Disaster Recovery Grants Cluster	I	14.269	PEMA-2017-018	835,466	-
Passed through the County of Dauphin: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/CDBG Disaster Recovery Grants Cluster	I	14.269	B-12-UT-42-0001	633,800	-
Passed through Pennsylvania Department of Health: Lead-Based Paint Hazard Control in Privately-Owned Housing	I	14.900	4100082204	514,694	-
Total U.S. Department of Housing and Urban Development				<u>3,549,654</u>	<u>346,955</u>
U.S. Department of Justice					
Alcohol, Tobacco, and Firearms - Training Assistance	D	16.012	N/A	17,166	-
Bulletproof Vest Partnership Program	D	16.607	N/A	6,164	-
Public Safety Partnership and Community Policing Grants	D	16.710	N/A	2,544	-
Total U.S. Department of Justice				<u>25,874</u>	<u>-</u>
U.S. Department of Transportation					
Passed through the Pennsylvania Department of Transportation: Highway Planning and Construction Program/ Highway Planning and Construction Cluster	I	20.205	R18080003	1,780,861	-
Highway Planning and Construction Program/ Highway Planning and Construction Cluster	I	20.205	R18080007	303,645	-
Total U.S. Department of Transportation				<u>2,084,506</u>	<u>-</u>
U.S. Department of Homeland Security - Federal Emergency Management Agency					
Passed through the Pennsylvania Emergency Management Agency: Pre-Disaster Mitigation	I	97.047	?DMC-PL-03-PA-2015-001	414,253	-
Total Expenditures of Federal Awards				<u>\$ 6,074,287</u>	<u>\$ 346,955</u>

See Notes to the Schedule of Expenditures of Federal Awards.

CITY OF HARRISBURG, PENNSYLVANIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the primary government of the City of Harrisburg (City), Pennsylvania for the year ended December 31, 2019. The City's reporting entity is defined in Note 1(a) to the City's basic financial statements. Federal awards expended directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

Note 2. Basis of Accounting

Generally, expenditures are recognized in the Schedule on the modified accrual basis of accounting. Federal expenditures under loan programs consist of loans disbursed during the year ended December 31, 2019.

Note 3. Relationship to Basic Financial Statements

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the City's basic financial statements.

Such expenditures are recognized following, as applicable, either the cost principles in the U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Section 108 Loans

The City entered into various promissory notes under Section 108 of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended. The proceeds from the notes were to administer acquisition, relocation, clearance, rehabilitation, and disposition of City properties. These notes do not have continuing compliance requirements.

CITY OF HARRISBURG, PENNSYLVANIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 4. Section 108 Loans (Continued)

As collateral, the City pledged all grants approved or for which the City may become eligible under Title I of the Housing and Community Development Act of 1974, as amended, and program income derived from disposition by sale or lease of any real property to the extent acquired or rehabilitated with the guaranteed loan funds, including any interest earned on such disposition proceeds.

Interest payments are required to be made to the Federal Financing Bank on the daily unpaid principal balances.

The composition of promissory notes outstanding under Section 108 at December 31, 2019, is as follows:

Original Date of Note	Amount of Note	Interest Rate	Required Interest Payment	Principal Balance 12/31/2019	2019 Principal Payments
May 13, 2000	\$ 3,960,000	Variable	Semi-Annual Feb 1 & Aug 1	\$ -	\$ 335,000
September 14, 2006 refinanced to 2019A	\$ 3,795,000	2.55% - 2.86%	Semi-Annual Feb 1 & Aug 1	1,485,000	210,000
				<u>\$ 1,485,000</u>	<u>\$ 545,000</u>

Section 108 loans changed during the year as follows:

Beginning of Year	Additions	Payments	End of Year
\$ 2,030,000	\$ -	\$ (545,000)	\$ 1,485,000

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles
2. Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?
 yes none reported
3. Noncompliance material to financial statements noted? yes no
4. Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?
 yes no
5. Type of auditor's report issued on compliance for major programs: Qualified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no
7. Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants/Entitlement Grants Cluster
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/ CDBG Disaster Recovery Grants Cluster
20.205	Highway Planning and Construction

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? yes no

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

II – Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2019-001: Financial Reporting

Repeat Finding – See Finding 2018-001

Condition: During the audit process, various material adjustments were made to the City of Harrisburg’s (City) records throughout the course of the audit. Additionally, the City did not have adequate staffing in place to produce materially correct GAAP financial statements, including note disclosures, during the audit timeline.

Criteria: The City should have the ability to produce its financial statements, and related notes, in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities (GAAP).

Cause: The City did not have adequate staffing in place to produce materially correct GAAP financial statements, including note disclosures, during the audit timeline.

Effect: If the entity relies upon its auditors to assist them in producing GAAP financial statements, the auditor is required to communicate a significant deficiency or material weakness related to financial reporting.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: We recommend that management review these transactions and evaluate whether measures can be taken by management to ensure that it can eliminate the financial reporting deficiencies as noted above.

Views of Responsible Officials: The City has evaluated the costs and benefits of developing the expertise internally to produce materially correct GAAP financial statements, including note disclosures, and determined that it is more beneficial to engage 3rd parties to provide this service. The City concurs with the comment regarding material adjustments and will strive to develop and implement a process for more closely reviewing complex adjustments. We do note that a majority of the adjustments occurring subsequent to initial trial balance preparation were prepared by the Accounting manager and done under his direction and understanding.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-002: Segregation of Duties

Repeat Finding – See Finding 2018-002

Condition: The City had segregation of duties issues noted in the Bureau of Information Technology (IT) where staff have control over multiple IT functions.

Criteria: In order to ensure that all transactions of the City are recorded and reported properly, the City needs to establish proper segregation of duties.

Cause: The City does not have adequate staffing involved in each of the IT processes.

Effect: Opportunities exist for undetected intentional or unintentional errors in the City's processes.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: We recommend that the IT operations, librarian, systems analyst, programming, network, and administrative functions be performed by separate employees.

Views of Responsible Officials: The City does have limited resources that maintain the legacy mainframe systems, which does hamper the ability to achieve a good segregation of duties among all City functions. The IT Department continues to put forth efforts of identifying its functions and duties just known to one individual; subsequent related cross-training among other IT staff members can then continue to be performed for expanding the involved working knowledge and improving the applicable internal controls. Documentation of such expanded procedures and controls will continue to be created and/or updated so as to preserve the availability of the applicable understanding and processes.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-003: Reconciling Bank Accounts and Properly Reporting and Remitting Amounts Due to Other Entities

Repeat Finding – See Finding 2018-003

Condition: The City’s policy is that all bank account statements are to be reviewed and reconciled by the City Treasurer’s office on a monthly basis and are to be reviewed by the Controller’s office. In addition, the City collects certain amounts on behalf of other entities and governments. During the audit, we noted the following:

- Monthly reconciliations for the year ended December 31, 2019, were prepared timely and were provided to the Controller’s office and Financial Management via a shared drive accessible by both departments. However, the monthly bank reconciliations were not reviewed by the Controller’s office.
- Although the monthly reconciliations were prepared, certain reconciliations did not reflect any adjustments related to the 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, or 2017 audits.

Criteria: In order to ensure that the City’s cash balances are accurately reported, the City should review the bank reconciliations for each bank account on a timely basis and ensure that the reconciliations reflect only those transactions that have occurred as of December 31, 2019.

Cause: The City did not follow its policy for the review of the bank reconciliations.

Effect: The bank reconciliations were not reviewed on a timely basis and the City’s bank reconciliations did not reflect all adjustments from previous years’ audits.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: We recommend that the City, including Administration, the Controller’s, and the Treasurer’s offices, follow its policies regarding review of bank reconciliations and timely transfer of amounts due to other governments and other entities.

Views of Responsible Officials: The Accounting Manager will continue to work with the City Treasurer’s office to resolve and/or assist in eliminating the remaining reconciling items within the course of the next audit preparation work for fiscal year 2020. In addition, the Accounting Manager will develop a communication effort with the Controller’s office to inform the Controller a review of the performed reconciliations has occurred and such documentation is available for further review.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-004: Preparing the Schedule of Expenditures of Federal Awards (SEFA)

Repeat Finding – See Finding 2018-004

Condition: For the year ended December 31, 2019, the City provided a summary SEFA; however, the SEFA was not materially accurate. Material adjustments were made to the Community Development Block Grants, the CDBG – Disaster Recovery Grants, and the Pre-Disaster Mitigation Grant Program to accurately report expenditures of federal funds for the year ended December 31, 2019.

Criteria: The Code of Federal Regulations (2 CFR 200.510(b)) requires that the auditee prepare a SEFA for the period covered by the auditee’s financial statements. The SEFA is required to include, at a minimum: 1) individual federal programs by federal agency; 2) the name of the pass-through entity and the identifying number assigned by the pass-through entity; 3) the total federal awards expended for each individual federal program; and 4) total amount provided to subrecipients for each federal program.

Cause: The City did not have adequate procedures in place to fully prepare a SEFA by the anticipated start of audit fieldwork.

Effect: The City did not accurately report all federal awards expended during the year on the SEFA.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: We recommend that the City implement procedures to ensure that all federal expenditures are included on the SEFA at their proper amounts.

Views of Responsible Officials: It is noted by the Accounting Manager previous SEFA preparation issues related to properly excluding applicable debt service payments and expenditures funded with program income have been satisfactorily resolved and will continued to be focused upon in such annual preparation. Though during the course of audit fieldwork the Accounting Manager did perform some subsequent adjustments to the initially prepared SEFA for proper accuracy, the City does concur with the recommendation to completely finalize the SEFA at the time of audit preparation.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

III – Findings and questioned costs for federal awards.

Control Deficiency: Material Weakness

Finding 2019-005: Reporting

Repeat Finding – See Finding 2018-006

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218); U.S. Department of Housing and Urban Development – Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/ CDBG Disaster Recovery Grants Cluster (CFDA #14.269)

Condition: The City did not timely submit Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*, for the CDBG program, for the years ended December 31, 2018 and 2019.

Criteria: Pursuant to 24 CFR sections 135.3(a)(2)(I through III), for CDBG, Section 3 reporting applies to Housing and Community Development Assistance, specifically housing rehabilitation, housing construction, or other public construction. Each recipient that administers covered housing and community development assistance in excess of \$200,000 in a program year, must submit Form HUD 60002 using the Section 3 Performance Evaluation and Registry System (SPEARS). In addition, pursuant to 24 CFR section 135.90, since the CDBG program requires submission of an annual performance report, the Section 3 report must be submitted with that annual performance report, which is due by December 30, 2019.

Pursuant to the LEAD grant agreement, all final grant close-out documents are due to HUD by 90 days after the programs end. The program ended on November 30th, 2018 and therefore the final grant documents would be due by February 28th, 2019.

Cause: At the time, the City did not have controls in place to ensure that reports are completed and submitted in accordance with federal reporting requirements or to ensure that the CAPER is submitted in accordance with the HUD reporting requirements.

Effect: The City did not file the Form HUD 60002, for the CDBG programs by the required deadlines. Failure to submit reports and plans by the required deadlines could jeopardize future funding.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: The City should implement procedures to ensure that all required reports are completed and filed by the applicable reporting deadline.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-005: Reporting (Continued)

Repeat Finding – See Finding 2018-006 (Continued)

Views of Responsible Officials: Regarding Form HUD 60002 Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons, for the CDBG program, for the years ended December 31, 2018 and 2019, the City acknowledges that these forms were submitted late. However, the City's new DBHD administration is adamant about meeting required deadlines for all reports, and procedures have been put in place to ensure that timely submission is met.

Finding 2019-006: Program Income

Repeat Finding – See Finding 2018-007

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218)

Condition: The City did not expend the program income received during portions of 2019 for eligible activities prior to drawing down additional entitlement funds.

Criteria: The Code of Federal Regulations (2 CFR 200.307(e)) requires program income to be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury. At the end of each program year, the aggregate amount of program income cash balances and any investment thereof that, as of the last day of the program year, exceeds one-twelfth of the most recent grant shall be remitted to HUD as soon as practicable thereafter, to be placed in the City's line of credit.

Cause: At the time, the City did not have controls in place to ensure that all program income is expended for eligible activities prior to drawing down additional funds.

Effect: The City drew down entitlement funding before completely exhausting all program income in Integrated Disbursement and Information System (IDIS).

The City was not in compliance with program income requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: The Asset Management team and the Department Director received IDIS training in June 2019, and in relation subsequent to this training, the Department successfully implemented updated procedures specific to utilizing available program income as applicable for expenditures prior to requesting additional entitlement funds. The City should continue to implement procedures to ensure that all program income received is properly reported as program income in IDIS in the proper program year and the funds received are expended for eligible activities prior to drawing down additional funds.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-006: Program Income (Continued)

Repeat Finding – See Finding 2018-007 (Continued)

Views of Responsible Officials: The Asset Management team and the Department Director received IDIS training in June 2019, and in relation subsequent to this training, the Department successfully implemented updated procedures specific to utilizing available program income as applicable for expenditures prior to requesting additional entitlement funds. To date all available Program Income has been utilized and will continue to be used first as new funds are made available.

Finding 2019-007: Equipment and Real Property Management

Repeat Finding – See Finding 2018-009

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218)

Condition: During the audit, it was noted that the City was not maintaining records or conducting an inventory of equipment and real property purchased with CDBG grants funds.

Criteria: The Code of Federal Regulations (2 CFR section 200.313(d)(1) and 200.313(d)(2)) requires equipment and real property records must be maintained that include a description of the property or equipment, a serial or identification number (if applicable), the source of funding, acquisition date, cost of the property or equipment, location, and condition. In addition, the Code of Federal Regulations requires that a physical inventory of equipment and real property must be taken, and the results reconciled with the records at least once every two years.

Cause: The City does not have controls in place to ensure that an inventory of equipment and real property purchased with grant funds is being conducted and maintained.

Effect: The City is not in compliance with the Equipment and Real Property federal requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs: This finding does not result in questioned costs.

Recommendations: We recommend that the City implement procedures to ensure that all federal equipment and real property requirements are followed, including maintaining a listing of equipment and real property purchased with grant funds and conducting an inventory on those items at least every two years.

Views of Responsible Officials: The Department acknowledges it has not maintained records for identifying and tracking real property and equipment. The City will update the applicable policies and procedures for fiscal year 2020 as required to eliminate this finding.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-008: Allowability

Repeat Finding – See Finding 2018-010

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grant Clusters (CFDA #14.218)

Condition: During our testing of the CDBG program, it was noted that the City did not have a process in place to review expenditures for allowability before the invoices were paid. Disbursements to vendors were made for ineligible goods and services.

Criteria: The Code of Federal Regulations (2 CFR 200.53(b)) states that an improper payment includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Cause: The City did not have proper procedures in place to determine that invoices were paid based on allowability.

Effect: The City is not in compliance with allowability requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs: Questioned costs in the amount of \$32,685 were identified.

Recommendations: We recommend that the City continue to modify their procedures to ensure that all invoices are reviewed and that expenditures are deemed to be allowable before being paid.

Views of Responsible Officials: The Department’s current Director continues to update policies and procedures applicable to allowability, and currently all payables are reviewed at multiple levels including the Program Director’s review and internal controls relative to the City’s Bureau of Financial Management. No payment requests are paid without passing the review at all levels. Additionally, all departmental staff are trained relative to maintaining knowledge of applicable CDBG eligibility regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2019

Finding 2019-009: Special Terms and Provisions

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grant Clusters (CFDA #14.218)

Condition: During our testing of the CDBG program, it was noted that the City did not obtain certain environmental reviews prior to commencing with the work.

Criteria: Projects must have an environmental review unless they meet criteria specified in the regulations that would exempt or exclude them from RROF and environmental certification requirements (24 CFR sections 58.1, 58.22, 58.34, 58.35, and 570.604).

Cause: The City did not have proper procedures in place to ensure the appropriate environmental reviews were done at the correct time.

Effect: The City is not in compliance with environmental review requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs: Questioned costs in the amount of \$27,500 were identified.

Recommendations: We recommend that the City continue to modify their procedures to ensure that all environmental reviews are completed at the appropriate time.

Views of Responsible Officials: The City has received training on all things regarding CDBG, HOME and ESG, and has updated the Policy and Procedure manual including the procedures for Environmental Reviews. They continue to receive training as needed regarding HUD updated regulations. All required Environmental Reviews have been completed prior to work beginning and will continue to be done moving forward.

CITY OF HARRISBURG, PENNSYLVANIA

**SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018**

Prior Year Findings

II – Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2018-001: Financial Reporting

Condition: During the audit process, various material adjustments were proposed to the City of Harrisburg's (City) records by the auditors. These audit adjustments were necessary to correct transactions related to the net present value of the notes receivable related to the Harrisburg Parking Authority lease proceeds, capital assets, due to and due from other funds, due to other governments, grant revenue and related receivables and unearned revenue, expenditures, and interfund transfers.

Recommendation: We recommend that management review these transactions and evaluate whether measures can be taken by management to ensure that it can eliminate the financial reporting deficiencies as noted above.

Current Status: Corrective action has been taken in some areas but is not yet completed. See current year Finding 2019-001.

Finding 2018-002: Segregation of Duties

Condition: The City had segregation of duties issues noted in the Bureau of Information Technology (IT) where staff have control over multiple IT functions. Also, in the Bureau of Neighborhood Services (Neighborhood Services), the Sanitation Billing and Enforcement Coordinator (Coordinator) is responsible for creating new customer accounts, maintaining documentation of the number of containers issued to each customer, updating customer accounts for any changes to the number of containers or the frequency of pick-up, and reviewing the monthly billings reports and there are no documented procedures in place for review of the tasks performed by the Coordinator.

Recommendation: We recommend that the IT operations, librarian, systems analyst, programming, network, and administrative functions be performed by separate employees to ensure that no one person has control over multiple IT functions.

Current Status: Corrective action has been taken in some areas but is not yet completed. See current year Finding 2019-002.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS Year Ended December 31, 2018

Finding 2018-003: Reconciling Bank Accounts and Properly Reporting and Remitting Amounts Due to Other Entities

Condition: The City's policy is that all bank account statements are to be reviewed and reconciled by the City Treasurer's office on a monthly basis and are to be reviewed by the Controller's office. In addition, the City collects certain amounts on behalf of other entities and governments. During the audit, we noted the following:

- Monthly reconciliations for the year ended December 31, 2017, were prepared timely, but were not provided to the Controller's office for review.
- Although the monthly reconciliations were prepared, certain reconciliations did not reflect any adjustments related to the 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 or 2017 audits.
- The Central Depository account included certain amounts that were not appropriately reflected in the general ledger system including amounts collected for other entities, and transfers related to credit card, automated clearinghouse transactions, and other collections that had not been transferred to the appropriate entities in the amount of \$447,413 for the year ended December 31, 2018.
- The Central Depository account also includes certain amounts that were not appropriately reflected in the general ledger system, including amounts related to credit card and automated clearinghouse transactions from February 2014 totaling \$135,901 that have not been transferred to the appropriate entity.

Recommendation: We recommend the City follow its policies regarding review of bank reconciliations. In addition, we recommend that the Accounting Manager obtain the monthly bank reconciliations from Treasury to determine if any adjustments need to be recorded to properly reflect amounts due to other entities.

Current Status: Corrective action has been taken for the recommendations for the Central Depository account, however, corrective action regarding the Controller's review and the monthly reconciliation amounts is not yet completed. See current year Finding 2019-003.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Finding 2018-004: Preparing the Schedule of Expenditures of Federal Awards (SEFA)

Condition: For the year ended December 31, 2018, the City provided a summary SEFA; however, the SEFA was not materially accurate. Material adjustments were made to the Community Development Block Grants/Entitlement Grants Cluster to accurately report expenditures of federal funds for the year ended December 31, 2018.

Recommendation: We recommend that the City implement procedures to ensure that all federal expenditures are included on the SEFA.

Current Status: Corrective action is not yet completed. See current year Finding 2019-004.

Finding 2018-005: Requesting Appropriate Reimbursements from Grant Funding Sources

Condition: The City is conducting a roadway project that involves two funding sources. During the year ended December 31, 2018, the City submitted certain requests for reimbursement of the same expenditures to two funding sources.

Recommendation: We recommend that the City implement procedures to ensure expenditures available for reimbursement are submitted to only one funding source.

Current Status: Corrective action has been completed.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS Year Ended December 31, 2018

III – Findings and Questioned Costs for Federal Awards

Control Deficiency: Material Weakness

Finding 2018-006: Reporting

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218); U.S. Department of Housing and Urban Development – Hurricane Sandy Community Development Block Grant Disaster Recovery Grants/ CDBG Disaster Recovery Grants Cluster (CFDA #14.269); U.S. Department of Housing and Urban Development – Lead Hazard Reduction Demonstration Grant (CFDA #14.905)

Condition: The City did not complete Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*, for the CDBG program, for the year ended December 31, 2018.

The City did not complete Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*, for the Lead Hazard Reduction Demonstration Grant (LEAD) program, for the program year ended November 30, 2018 by the required due date of January 10th, 2019. The report was submitted to HUD on August 15th, 2019.

The City did not submit Form HUD 27061, *Race and Ethnic Data Reporting Form*, by the required due date of January 10th, 2019. The report was submitted to HUD on August 15th, 2019.

The City did not submit the *Consolidated Annual Performance and Evaluation Report (CAPER)*, by the required due date extension of May 14th, 2019. Draft submission of the CAPER occurred on August 5th, 2019.

Of the three-monthly advanced funding reports selected for testing, the City did not submit two out of three by the required due dates. The April 2018 report was submitted on May 23, 2018, and the June 2018 report was submitted on October 3, 2018. In addition, of the two quarterly reports selected for testing, the City did not submit one out of two by the required due date. The January – March 2018 quarterly report was not submitted until April 17, 2018. All of the report submission dates above were outside of the 10-working day requirement per the grant agreement.

The City did not submit a Citizen Participation Plan for 2018.

The City has received multiple extensions for the LEAD close-out grant reporting (April 15th, 2019 and August 15th, 2019). However, final close-out documents were not filed by the initial required due date.

CITY OF HARRISBURG, PENNSYLVANIA

SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS Year Ended December 31, 2018

Finding 2018-006: Reporting (Continued)

Recommendation: The City should implement procedures to ensure that all required reports are completed and filed by the applicable reporting deadline.

Current Status: Corrective action was taken during the 2019 year but was not yet completed at the end of 2019. See current year Finding 2019-005.

Finding 2018-007: Program Income

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218)

Condition: The City did not expend the program income for eligible activities prior to drawing down additional entitlement funds.

Recommendation: The City should implement procedures to ensure that all program income received is properly reported as program income in IDIS in the proper program year and the funds received are expended for eligible activities prior to drawing down additional funds.

Current Status: Corrective action was initiated in June 2019. See current year Finding 2019-006.

Finding 2018-008: Subrecipient Monitoring

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218); U.S. Department of Housing and Urban Development – Home Investment Partnerships Program (CFDA #14.239)

Condition: During the audit, it was noted that the City does not have a process in place to notify subrecipients of the federal award identification number, federal award date, or CFDA number for the federal award as required under the Uniform Guidance. In addition, the City does not have evidence maintained in the subrecipient files that a formal risk assessment was completed and that a review of the subrecipients programmatic or financial reports/audits was performed.

Recommendations: We recommend that the City establish procedures to ensure that all required award information is communicated to the subrecipient at the time of the subaward in accordance with the Uniform Guidance and that formal risk assessments of the subrecipient (including review of programmatic and financial reports/audits) is being completed and maintained.

Current Status: Corrective action was initiated during the 2019 year and remains in process. For the 2019 year, this requirement is not direct and material to the audits of the programs noted above.

Control Deficiency: Significant Deficiency

CITY OF HARRISBURG, PENNSYLVANIA

**SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018**

Finding 2018-009: Equipment and Real Property Management

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218)

Condition: During the audit, it was noted that the City was not maintaining records or conducting an inventory of equipment and real property purchased with CDBG grants funds.

Recommendations: We recommend that the City implement procedures to ensure that all federal equipment and real property requirements are followed, including maintaining a listing of equipment and real property purchased with grant funds and conducting an inventory on those items at least every two years.

Current Status: Corrective action is not yet completed. See current year Finding 2019-007.

Finding 2018-010: Allowability

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grant Clusters (CFDA #14.218)

Condition: During our testing of the CDBG program, it was noted that the City does not have a process in place to review expenditures for allowability before the invoices were paid. Disbursements to The Ferguson Group were made based on a monthly retainer fee instead of actual work performed.

Recommendations: We recommend that the City modify their procedures to ensure that all invoices are reviewed and that expenditures are deemed to be allowable before being paid.

Current Status: While certain actions were taken to rectify 2018 issues identified, corrective action is not yet completed. See current year Finding 2019-008.

CITY OF HARRISBURG, PENNSYLVANIA

**SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018**

Finding 2018-011: Matching

U.S. Department of Housing and Urban Development – Lead Hazard Reduction Demonstration Grant (CFDA #14.905)

Condition: During our testing of the LEAD program, it was noted that the City's calculated match did not meet the 25% requirement per the Notice of Funding Approval (NOFA). The City's calculated match was \$152,000 short of the required minimum match as required by U.S. Department of Housing and Urban Development (HUD).

Recommendations: We recommend that the City implement procedures to document and track grant matching requirements.

Current Status: Corrective action has been completed.

Control Deficiency: Significant Deficiency

Finding 2018-012: Procurement

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218); U.S. Department of Housing and Urban Development – Lead Hazard Reduction Demonstration Grant (CFDA #14.905)

Condition: The City's procurement policy, which does have updated verbiage to comply with the Code of Federal Regulations 2 CFR section 200.316 through 200.326 of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), was effective on March 1, 2018, which is after the effective implementation date as set by the Uniform Guidance.

Recommendation: We recommend that the City ensure all federal policies required by the Uniform Guidance be updated by the required implementation date.

Current Status: Corrective action has been completed.



Office of the Business Administrator
The City of Harrisburg
MLK Government Center
10 N. Second St.
Harrisburg, PA 17101

February 17, 2021

To Whom it May Concern:

The City of Harrisburg, Pennsylvania respectfully submits the following summarized corrective action plan for the Fiscal year ending December 31, 2019.

The Audit Report was prepared by Boyer & Ritter, LLC, Certified Public Accountants and Consultants, 211 House Avenue Camp Hill, PA 17011.

Related findings are described in detail as contained within the City's Single Audit Report, schedule of findings and questioned costs, and such are numbered in the corrective action plan in accordance with that assigned in the schedule.

Any questions regarding this plan can be directed to me at mwoolley@harrisburgpa.gov or to Bryan McCutcheon, Accounting Manager at bmccutcheon@harrisburgpa.gov.

Marc Woolley
Business Administrator
City of Harrisburg

**CITY OF HARRISBURG
Corrective Action Plan
Year Ended December 31, 2019**

<u>Finding</u>	<u>Department or Bureau</u>	<u>Contact Person/ Title</u>	<u>Finding Title/Corrective Action</u>	<u>Anticipated Completion Date</u>
2019-001	Financial Management	Bryan McCutcheon, Accounting Manager	<p>Financial Reporting:</p> <p>The City has evaluated the costs and benefits of developing the expertise internally to produce materially correct GAAP financial statements, including note disclosures, and determined it is more beneficial to engage 3rd parties to provide this service. The City concurs with the comment regarding material adjustments and will strive to develop and implement a process for more closely reviewing complex adjustments. We do note a majority of adjustments occurring subsequent to initial trial balance preparation were prepared by the Accounting Manager and done under his direction and understanding.</p>	September 2021
2019-002	Information Technology	Steven Bortner Director	<p>Segregation of Duties:</p> <p>The City does have limited resources maintaining the legacy mainframe systems, which does hamper the ability to achieve a good segregation of duties among all City functions. The IT Department continues to put forth efforts of identifying its functions and duties just known to one individual; subsequent related cross-training among other IT staff members can then continue to be performed for expanding the involved working knowledge and improving the applicable internal controls. Documentation of such expanded procedures and controls will continue to be created and/or updated so as to preserve the availability of the applicable understanding and processes.</p>	September 2021
2019-003	Financial Management	Bryan McCutcheon, Accounting Manager	<p>Reconciling Bank Accounts and Properly Reporting and Remitting Amounts Due to Other Entities:</p> <p>The Accounting Manager will continue to work with the City Treasurer's office to resolve and/or assist in eliminating the remaining reconciling items within the course of the next audit preparation work for fiscal year 2020. In addition, the Accounting Manager will develop a communication effort with the Controller's office to inform the Controller a review of the performed reconciliations has occurred and such documentation is available for further review.</p>	September 2021

CITY OF HARRISBURG, PENNSYLVANIA

CORRECTIVE ACTION PLAN (Continued)

2019-004	Financial Management	Bryan McCutcheon, Accounting Manager	Preparing the Schedule of Expenditures of Federal Awards (SEFA):	September 2021
			<p>It is noted by the Accounting Manager previous SEFA preparation issues related to properly excluding applicable debt service payments and expenditures funded with program income have been satisfactorily resolved and will continue to be focused upon in such annual preparation. Though during the course of audit fieldwork the Accounting Manager did perform some subsequent adjustments to the initially prepared SEFA for proper accuracy, the City does concur with the recommendation to completely finalize the SEFA at the time of audit preparation.</p>	
2019-005	Building and Housing Development	Lillie Williams, Interim Director and Project Director	Reporting:	September 2021
			<p>Regarding Form HUD 60002 Section 3 Summary Report, Economic Opportunities for Low-income and Very Low-income Persons, for the CDBG program, for the years ended December 31, 2018 and 2019, the City acknowledges these forms were submitted late; however, the City's new DBHD administration is adamant about meeting required deadlines for all reports, and procedures have been put in place to ensure timely submission is achieved.</p>	
2019-006	Building and Housing Development	Lillie Williams, Interim Director and Project Director	Program Income:	September 2021
			<p>The Asset Management team and the Department Director received IDIS training in June 2019, and in relation to this training, the Department successfully implemented updated procedures specific to utilizing available program income as applicable for expenditures prior to requesting additional entitlement funds. To date all available program income has been utilized and will continue to be used first as new funds are made available.</p>	
2019-007	Building and Housing Development	Lillie Williams, Interim Director and Project Director	Equipment and Real Property Management:	September 2021
			<p>The Department acknowledges it has not maintained records for identifying and tracking real property and equipment. The City will update the applicable policies and procedures for fiscal year 2020 as required to eliminate this finding.</p>	

CITY OF HARRISBURG, PENNSYLVANIA

CORRECTIVE ACTION PLAN (Continued)

2019-008	Building and Housing Development	Lillie Williams, Interim Director and Project Director	Allowability: The Department's current Director continues to update policies and procedures applicable to allowability, and currently all payables are reviewed at multiple levels including the Program Director's review and internal controls relative to the City's Bureau of Financial Management. No payment requests are paid without passing the review at all levels. Additionally, all departmental staff are trained relative to maintaining knowledge of applicable CDBG eligibility regulations.	September 2021
2019-009	Building and Housing Development	Lillie Williams, Interim Director and Project Director	Special Terms and Provisions: The City has received training on all things regarding CDBG, HOME, and ESG, and has updated the policy and procedure manual including the procedures for environmental reviews. Applicable City staff members continue to receive training as needed regarding HUD updated regulations. All required environmental reviews have been completed prior to work beginning and will continue to be done on a moving forward basis.	September 2021