

TOWN OF GUILDERLAND
P.O. BOX 339
GUILDERLAND, NY 12084
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INTER-DEPARTMENTAL
MEMORANDUM

TO: Peter Barber, Town Supervisor
Town Board Members

CC: Darci Efaw, Comptroller

FROM: Jessica Gulliksen (Olszowy), Fiscal Officer

DATE: January 17, 2023

RE: 2021 Single Audit

For your review and acknowledgement, please see attached the draft report for the December 31, 2021 Single Audit of the Town of Guilderland's federal expenditures.

**TOWN OF GUILDERLAND
SINGLE AUDIT REPORT
DECEMBER 31, 2021**

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TOWN OF GUILDERLAND

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Board
Town of Guilderland
Guilderland, NY

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of the Town of Guilderland (the Town) for the year ended December 31, 2021, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the Town of Guilderland for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Latham, NY
_____, 2023

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

To the Members of the Town Board
Town of Guilderland
Guilderland, NY

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Guilderland's (the Town) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Guilderland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination for the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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 described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Latham, NY
_____, 2023

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**TOWN OF GUILDERLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Housing Choice Voucher Program			
Section 8 Housing Choice Vouchers	14.871	Not Applicable	\$ 815,988
COVID-19 - CARES Act HCV Administrative Fee	14.871	Not Applicable	<u>20,107</u>
Total Housing Choice Voucher Program			<u>836,095</u>
Family Self-Sufficiency	14.896	Not Applicable	<u>67,897</u>
Total U.S. Department of Housing and Urban Development			<u>903,992</u>
<u>U.S. Department of Transportation</u>			
State and Community Highway Safety	20.600	Not Applicable	8,335
Highway Planning and Construction	20.205	Not Applicable	<u>155,040</u>
Total U.S. Department of Transportation			<u>163,375</u>
<u>U.S. Department of Justice</u>			
Patrick Leahy Bulletproof Vest Partnership	16.607	Not Applicable	<u>5,957</u>
Total U.S. Department of Justice			<u>5,957</u>
<u>U.S. Department of the Treasury</u>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	<u>91,239</u>
Total U.S. Department of the Treasury			<u>91,239</u>
Total Expenditures of Federal Awards			<u>\$ 1,164,563</u>

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TOWN OF GUILDERLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of federal awards (the Schedule) includes federal award activity of the Town of Guilderland (the Town) under programs of the federal government. The information presented in the 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). Because the Schedule presents only a selected portion of the operations of the Town of Guilderland, it is not intended to and does not present the assets, liabilities, results of operations and changes in fund equity of the Town of Guilderland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SCOPE OF AUDIT

The Town of Guilderland is an independent municipal corporation. All federal grant operations of the Town are included in the scope of the single audit.

4. INDIRECT COST RATE

The Town has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**TOWN OF GUILDERLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

An audit of the financial statements has not been performed

Internal control over financial reporting:

An audit of the financial statements has not been performed

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

An audit of the financial statements has not been performed

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes no
 yes none reported

Type of auditor's report issued on compliance for major programs

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major programs:

Assistance Listing Number(s)
14.871

Name of Federal Program or Cluster
Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

SECTION II: FINANCIAL STATEMENT FINDINGS

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

An audit of the financial statements has not been performed

**TOWN OF GUILDERLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

Material Weakness

2021-001 Compliance with Reporting Under the Uniform Guidance

Information on Federal Program: U.S Department of Housing and Urban Development Assistance Listing No. 14.871.

Criteria: According to the code of federal regulations section § 200.520 (a), single audits must be performed on an annual basis, including submitting the data collection form and the reporting package to the FAC within the timeframe specified in §200.512 which is the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Statement of Condition: The data collection forms for the years 2018 through 2021 have not been submitted timely.

Statement of Cause: Due to significant turnover in key positions within the Town's fiscal office, the financial audits are currently behind. The results of the financial audits are required as part of the submission with the data collection form to the FAC, therefore, the data collection forms cannot be completed and submitted until the completion of the financial audits.

Statement of Effect: The Town was not in compliance with federal guidelines.

Questioned Cost: None.

Repeat Finding: No.

Perspective Information: As part of testing the compliance with the Uniform Guidance, the dates of the submissions to the FAC are reviewed.

Recommendation: The Town should follow federal guidelines by submitting the data collection form to the FAC in a timely manner.

Views of responsible officials and Planned Corrective Actions: The Town of Guilderland Comptroller's Office suffered significant turnover in key positions during the fiscal years of 2019 and 2021 including the retirement of the Town Comptroller and Fiscal Officer. In addition, the COVID-19 pandemic had significant impact to the Town, particularly during 2020 when remote work was encouraged. This combination and sequence of events made it impossible to meet the required external audit reporting deadlines. Since these events, the Town has filled the vacant positions and has scheduled all remaining audits. The auditors are working as expeditiously as possible to complete the remaining audits. The required reporting noted in the guidelines above cannot be completed until each prior year audit is finished, therefore causing a delay in each fiscal year's reporting.

**TOWN OF GUILDERLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

Material Weakness

2021-002 Compliance with Reporting to Housing and Urban Development

Information on Federal Program: U.S Department of Housing and Urban Development Assistance Listing No. 14.871.

Criteria: According to 24 CFR § 5.801, audited financial statements must be submitted to HUD annually, no later than nine months after the end of the fiscal year or the reporting period.

Statement of Condition: The financial information submission was not submitted timely.

Statement of Cause: Due to significant turnover in key positions within the Town's fiscal office, the financial audits are currently behind. The results of the financial audits are required as part of the submission with the REAC, therefore, the REAC cannot be completed and submitted until the completion of the financial audits.

Statement of Effect: The Town was not in compliance with federal guidelines.

Questioned Cost: None.

Repeat Finding: No.

Perspective Information: As part of testing the compliance with the reporting requirements of the program, the submission of the REAC form is reviewed and additional procedures performed related to the information contained in the REAC submission related to the audited financial statements. As the financial statements have not yet been audited, this review could not be completed.

Recommendation: The Town should follow federal guidelines by submitting the audited financial statement to HUD through the REAC submission in a timely manner.

Views of responsible officials and Planned Corrective Actions: The Town of Guilderland Comptroller's Office suffered significant turnover in key positions during the fiscal years of 2019 and 2021 including the retirement of the Town Comptroller and Fiscal Officer. In addition, the COVID-19 pandemic had significant impact to the Town, particularly during 2020 when remote work was encouraged. This combination and sequence of events made it impossible to meet the required external audit reporting deadlines. Since these events, the Town has filled the vacant positions and has scheduled all remaining audits. The auditors are working as expeditiously as possible to complete the remaining audits. The required reporting noted in the guidelines above cannot be completed until each prior year audit is finished, therefore causing a delay in each fiscal year's reporting.

**TOWN OF GUILDERLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

Summary Schedule of Prior Audit Findings

The audits of the years ending December 31, 2018 through December 31, 2022 are not yet completed.

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