

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

Opinion on Each Major Federal Program

In our opinion, 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 each of its major federal program for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 to 2015-004. 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 OMB Circular A-133, 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.

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. 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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that were not identified. We identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001, 2015-002 and 2015-003 that we consider to be significant deficiencies.

City's Response to Findings

City of Oxnard's response to the internal control over compliance 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 the financial statements and, accordingly, we express no opinion on it.

CITY OF OXNARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified? X yes no
 Significant deficiencies identified? X yes none reported

Noncompliance material to financial statements noted: yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes X no
 Significant deficiencies identified? X 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 Section 510 (a)
 of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	HOME Program
20.205	Highway Planning and Constructoin
97.044	Assistance to Firefighters
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distunguish between
 type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2015-002 - Subrecipient Monitoring

CFDA Title and Number: 14.218 - Community Development Block Grants

Name of Federal Agency: Department of Housing and Urban Development

Name of Pass-through Agency: Not Applicable

Compliance Requirement: M. Subrecipient Monitoring

Finding: Per OMB Circular A-133 Subpart D §__.400(d), a pass-through entity is responsible for monitoring their subrecipient's use of Federal awards to ensure that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts and grant, and that performance goals are achieved. The City passed through funds to Community Action of Ventura County. The City does not request or monitor their performance or financial reports.

Questioned Cost: \$61,286

Recommendation: The City should establish policies and procedures to monitor their subrecipients during the award period through reporting, site visit, regular contact, or other means.

City Response: Due to the complexity of implementing all of the recommendations identified by the City's independent auditor, the City will begin implementation of a comprehensive integrated internal control framework using the standards established in the GAO publication Standards for Internal Control in the Federal Government. All items identified in the Schedule of Findings and Questioned Costs will be given high priority in implementing the new framework and staff intends to implement procedures to correct those changes by December 31, 2016. Other internal control findings will be selected for implementation consistent with the objectives of the control framework and the City's risk assessment process. Compliance with grantor requirements will be given priority attention.

Finding 2015-003 - Compensation for Personal Services

CFDA Title and Number: 14.218 - Community Development Block Grants

Name of Federal Agency: Department of Housing and Urban Development

Name of Pass-through Agency: Not Applicable

Compliance Requirement: B. Allowable Costs/Cost Principles

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Finding: OMB Circular A-87 requires that an after-the-fact Documentation, semi-annual time certification for employees who work solely on a single Federal awards and monthly time certification for employees who worked on multiple activities. These certifications must be signed by the employee. The required after-the fact documentation is not prepared to support time and effort for employees whose salaries are charged to Federal funds.

Questioned Cost: \$21,388

Recommendation: The City should establish policies and procedures to maintain after-the-fact certification. The form should reflect an after-the-fact distribution of the actual activity of each employee and should be signed by the employee.

City Response: Due to the complexity of implementing all of the recommendations identified by the City's independent auditor, the City will begin implementation of a comprehensive integrated internal control framework using the standards established in the GAO publication Standards for Internal Control in the Federal Government. All items identified in the Schedule of Findings and Questioned Costs will be given high priority in implementing the new framework and staff intends to implement procedures to correct those changes by December 1, 2016. Other internal control findings will be selected for implementation consistent with the objectives of the control framework and the City's risk assessment process. Compliance with grantor requirements will be given priority attention.

Finding 2015-004 - Administrative and Planning Costs

CFDA Title and Number: 14.239 - Home Investment Partnerships Program

Name of Federal Agency: Department of Housing and Urban Development

Name of Pass-through Agency: Not Applicable

Compliance Requirement: G. Matching, Level of Effort, Earmarking

Finding: According to 24 CFR 92.207, a participating jurisdiction may expend for HOME administrative and planning costs an amount of HOME funds that is not more than ten percent of the fiscal year HOME basic formula allocation. During our audit of administrative costs, we noted that 11.17% was expended for administrative and costs.

Questioned Cost: \$8,271